Austria	Sch28	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Esc175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR9.00
Finland	FM9.50	Lebanon	L£1,500	Singapore	S$4.10
France	FFr7.00	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bt50
Iceland	IKr185	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3600
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,424

Wednesday April 10 1991

D 8523A

ANGOLA

Salvaging wealth from war-torn state

Page 24

World News

US and Israel agree to hold Middle East conference

The US and Israel agreed in principle on a proposal to hold a Middle East regional peace conference, but Mr James Baker, US secretary of state warned there was still "a long, long way to go" before Arab-Israeli negotiations could take place. Page 14

Georgia declares UDI

The Soviet republic of Georgia declared formal and complete independence from the Soviet Union in an effort to force the union government's hand over the secession issue. Page 14

Poland exit begins

A Soviet missile brigade pulled out of a military base in north-western Poland to set in motion the withdrawal of Moscow's 50,000 troops from the country. Page 2

Old guard trial starts

The first important political trial of members of Hungary's old communist regime began when two ex-security chiefs faced charges of allowing illegal phone-tapping. Page 3

Blow to apartheid

South African government published a draft law to end race classification, the basis of the 43-year-old apartheid system. Page 6

Israeli controversy

Israeli right-wingers, including senior government ministers, voiced outrage at Defence Minister Moshe Arens's plan to free 1,000 Palestinian prisoners next week as a traditional goodwill gesture to Palestinians to mark a Moslem feast.

Angolan casualties

Angola has reported high civilian casualties in fighting for the provincial capital of Luena despite peace talks with the UNITA rebel movement.

Police terrorist link

Former East German security police, known to have sheltered Red Army Faction guerrillas from West Germany, may have had closer links with the group than previously thought, government sources said.

Japanese demo

More than 500 former Japanese inmates of Siberian labour camps demonstrated to demand an apology and compensation from President Mikhail Gorbachev when he comes to Tokyo next week.

Afghan changes

The Soviet-backed Afghan government has sacked senior vice-president Sultan Ali Kishtmand, the official Bakhtar news agency said.

Rebels bomb banks

Suspected army rebels bombed three banks and a power substation in Manila in a fresh attempt to destabilise President Corazon Aquino's government, officials said.

13 die in S Africa

At least 13 people have been killed since Sunday at a Johannesburg township in factional fighting and in a mystery attack on a township squatter camp, police said.

Activist sentenced

A Chinese court has sentenced a student activist, Chen Yanbin, to 15 years, the heaviest prison sentence passed to date on a dissident connected with the 1989 pro-democracy movement.

Burma death verdict

Burma's military government has sentenced two youths to death for their role in an abortive uprising nearly three years ago, state television said.

30m HIV prediction

A total of 30 million people may have been infected with HIV, the virus that leads to Aids, by the year 2000, said the director of the World Health Organisation's Aids programme.

Business Summary

BSkyB plans to sue UIP over $800m rights deal

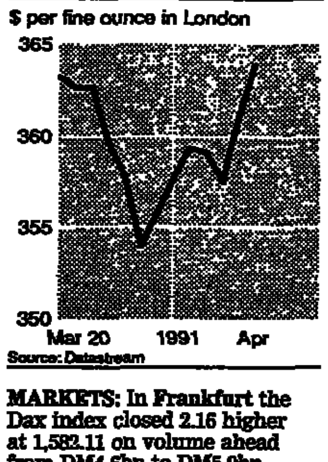
British Sky Broadcasting plans to sue United International Pictures, an organisation grouping three leading Hollywood studios, in what could become a landmark case affecting pay television channels throughout Europe.

BSkyB, the satellite television venture which runs two subscription film channels in the UK, is trying to overturn as illegal an $800m movie rights deal first signed with UIP in 1988. Page 14

GOLD bullion gained another $2.95 a troy ounce in London to close at $364 following a $3.55 rise on Monday which took the metal above $360 an ounce for the first time in two weeks. Analysts said technical and professional buying on the New York Commodity Exchange (Comex) was responsible. Commodities, Page 24

Gold price

$ per fine ounce in London



Source: Datastream

MARKETS: In Frankfurt the Dax index closed 2.16 higher at 1,582.11 on volume ahead from DM4.6bn to DM5.9bn. Paris closed little changed for a second day, as the CAC 40 index lost an eight-point gain to end 1.61 down at 1,845.96. In Tokyo share prices declined on reduced volume. The Nikkei average slipped 290.26 to end at the day's low of 26,317.29. In New York share prices idled in moderate early trading as the stock market remained nervous ahead of Thursday and Friday's inflation figures. By 1.30 pm the Dow Jones Industrial Average was down 12.62 at 2,905.94. World Stock Market reports, Back Page, Section II.

MICHELIN, world's largest tyre maker, plans to shed 4,900 more jobs in France in its largest round of job losses in recent years. Page 2

EUROPEAN Commission inquiries into possible illegal state aid for Bull, French computer manufacturer, and Thomson, French defence and electronics group, will include an assessment of the impact on EC competitors. Page 2

GERMANY'S federal statistics office reported a DM1.7bn ($1bn) deficit for February after DM2.1bn in January as rising domestic demand after unification pulled in imports and kept exports depressed. Page 3

US House budget committee began debating a near-$1.5 trillion (million million) budget plan for next year, including funding for a "competitiveness" package put forward by House Democrats. Page 4

GIAT Industries, French maker of tanks, guns and ammunition, has won a FFr800m ($140m) contract for gun turrets for the US Army's latest light helicopter, its first big sale to the US. Page 4.

UK failed in its attempt to win agreement from Peking for Hong Kong's proposed HK$100bn ($12.7bn) airport. But Li Peng, Chinese prime minister, said that differences had been narrowed. Page 14

DONALD Trump, head of the heavily-indebted property and casinos group, Trump Organisation, was last night believed to have reached final agreement over a debt restructuring with holders of the Taj Mahal casino bonds. Page 15

Brady seeks G7 debate on economic co-operation

By **Stephen Fidler** in Nagoya, Japan, and **Peter Norman** in London

US TREASURY secretary Mr Nicholas Brady intends to launch a wide-ranging debate on economic and financial co-operation among leading industrialised countries when he meets other Group of Seven finance ministers in London on Sunday.

His aim will be to examine whether long-standing co-operation on exchange rate policies needs broadening in the light of fundamental change in the world's economic and financial outlook.

Mr David Mulford, undersecretary for international affairs at the US Treasury, said the aim was not to map out a new world economic plan but to embark on discussions "on a set of issues that have flowed out of the last two years".

This might "dictate closer policy co-ordination over a widely expanded area". Mr Mulford, who was speaking in Nagoya, Japan, cited debt relief for Poland, efforts to encourage Brazil and its commercial bank lenders to reach a debt agreement, and World Bank lending to China as areas where the G7 had already expanded co-operation.

The US wish for wide-ranging G7 talks was welcomed by Germany, which wants Sunday's informal dinner to discuss a more equitable sharing of the burdens created the Gulf war, the changes in eastern Europe and the crisis in the Soviet Union. Government officials in Bonn said yesterday that Mr Theo Waigel, the German finance minister, would stress that Germany should not be forced to carry an unfair share of international responsibilities.

The feeling in Bonn is that Germany's contribution to the rehabilitation of eastern and central Europe and the Soviet Union is not properly recognised by the US and other industrial trading partners. Germany also aims to have the question of global burden-sharing included in the agenda of the London economic summit later this year.

Britain, the host nation, has placed the state of the world economy after the Gulf war and the problems of Kuwaiti reconstruction, eastern Europe and the Soviet Union at the top of Sunday's agenda.

Mr Norman Lamont, Britain's chancellor of the exchequer, is likely to raise specific points in bilateral talks that are being arranged with ministers, including Mr Brady and Mr Waigel, around the time of next week's inauguration in London of the European Bank for Reconstruction and Development. Mr Lamont has dropped plans for talks in Bonn with Mr Waigel tomorrow.

Mr Mulford said the change in the global economic and financial outlook over the past two years had been "revolutionary". The need was look beyond the immediate effects of the Gulf crisis.

A profound change had taken place in sources and demand for capital. Kuwait was rebuilding its economy and Saudi Arabia no longer maintaining huge foreign currency reserves: oil surpluses were thus likely to be limited.

Eastern Europe would put huge demands on capital, while the Soviet Union's economy was deteriorating rapidly.

Brazil loan, 'to go ahead soon', Page 5

Soviet leader reasserts power of centre against that of republics

Gorbachev seeks strikes ban

By **John Lloyd** and **Leyla Boulton** in Moscow

PRESIDENT Mikhail Gorbachev yesterday called for a ban on strikes and demonstrations, throwing the full weight of his authority against the mounting claims of nationalists, strikers and radicals.

As industrial stoppages spread throughout the country and the republic of Georgia declared full independence from the Soviet Union, Mr Gorbachev's call was announced as part of an "anti-crisis" programme reasserting the power of the centre against that of the republics.

Faced with the growing challenge from Mr Boris Yeltsin, the Russian leader, Mr Gorbachev chose to make a stand against his encircling foes by testing central authority in a way he has not had to do since becoming Soviet leader nearly six years ago.

The Soviet leader has firmly rejected proposals for a round table or coalition government advanced by Mr Yeltsin last week. Instead, he is relying on the solid majority vote for the preservation of the union in last month's referendum to bring to heel republics which are starving the union budget of funds, and miners who, according to Mr Vitaly Ignatenko, the presidential spokesman, have stripped basic industries of all coal reserves.

His moratorium on demonstrations is confined to those called in working hours. This would not affect the recent mass rallies in support of Mr Yeltsin, but would render illegal meetings such as those held over the past few days in Minsk, in Belorussia, to protest against price rises.

Workers in Minsk yesterday staged a three-hour strike and threatened to extend the strike today if their demands – including access to television time – were not met. They called for the resignation of both the union and republican governments.

Georgia declared formal and complete independence from the Soviet Union in an effort to force the union government's hand over the issue of secession. The declaration bases the state's legality on a treaty of May 1918 when the Republic of Georgia was granted statehood by the new Bolshevik regime, only to see it extinguished three years later by the same central government. Page 14

The anti-crisis plan, presented by Mr Gorbachev to a session of the Federation Council, which includes the leaders of the republics, proposed measures to stem a downturn in production, which has already fallen by an estimated 12 per cent in the first quarter. Mr Yeltsin did not attend the session.

The measures include swingeing sanctions against republics which withhold their budget contributions to the centre. They also propose the rapid privatisation of the food trade outlets, including shops and warehouses, to ease supply bottlenecks.

Mr Gorbachev proposed transferring some enterprises from union to republican jurisdiction, a move which answers the demands of both the Russian and the Ukranian miners who want republican control of their pits.

The proposals will go before the Supreme Soviet next week – although it was not clear last night if they could be implemented by presidential decree, as much present law has been.

Mikhail Gorbachev: continuing to reject coalition calls

The background to the Federation Council meeting was set by yet another black assessment of the economy, which the official news agency Tass quoted as saying that "the consumer market is disorganised, the financial system is imbalanced, the purchasing power of the rouble is diminishing. Instead of normal economic ties there are barter deals. A once united economic space is being split up".

The crisis, said Tass, was having an increasingly serious effect on the balance of payments.

On Monday, Mr Gorbachev decreed urgent measures to rescue this year's harvest. These included the supply of fuel, spare parts and equipment to farms, the speeding up of the distribution of private plots, and the purchase of nearly $400m worth of pesticides.

Mr Gorbachev told the council that the "war of laws" between the republics and the centre must be stopped immediately and that a new union treaty must be signed as soon as possible.

However, the impact of his remarks was lessened by the absence from the council of Mr Yeltsin (on holiday), Mr Zviad Gamsakhurdia of Georgia (declaring independence at the time), Mr Anatoly Gorbunov of Latvia and Mr Mircha Snegur of Moldavia (who was ill) and Mr Vytautas Landsbergis of Lithuania and Mr Arnold Ruutel of Estonia (no reason given).

The one bright spot in the otherwise dismal and centralist plan is that the budget will garner a Rs70bn windfall from the price rises which took effect at the beinning of this month – rises which are fuelling the unrest with which the government is seeking to grapple.

The package as a whole reflects the stated desire of Mr Pavlov to marry command – even authoritarian – economics with a stimulation of the market through central decree.

However, the structures which had sustained the command system in the past are no longer responsive to those who issue the orders – as enterprises turn this way and that to find supplies, to find markets and to discover to which authority they are responsible.

$300m loan to Brazil 'will go ahead soon'

By **Stephen Fidler** in Nagoya

A DELAYED $300m loan to Brazil from the Inter-American Development Bank will go ahead shortly, Mr Enrique Iglesias, the bank's president, said yesterday.

The loan was delayed because of concern among industrialised nations – led by the US, the bank's dominant shareholder – over the slow progress being made between Brazil and its bank creditors in talks over interest arrears to commercial banks.

Mr Iglesias's statement came after Brazil and its leading bank creditors agreed on a settlement of the $8bn interest backlog. A quarter of the arrears will be paid this year, some $900m almost immediately, and the rest in 10-year bonds.

Mr Iglesias said the loan, for sanitation projects would go to the bank's board for approval "immediately". The next board meeting will be held later this month.

● On another issue, Mr Iglesias said he expected the bank would continue to make rapidly disbursing loans following the expiry of a two-year period when such loans could only be made in tandem with the World Bank. Four countries were seeking such loans, from which they should be able to benefit this year.

He said there was some opposition among shareholders to such loans, which take the bank away from its traditional role as a project lender and which provide balance of payments support to back economic reform in sectors of the economy. Up to 25 per cent of the bank's lending can be through fast disbursing loans.

UN Security Council discusses ways to protect fleeing Kurds

By **Michael Littlejohns** in New York, **John Murray Brown** in Hakkari, eastern Turkey and **Kamran Fazel** in Tehran

BRITAIN'S two-stage plan to create a safe haven for Kurds in a northern Iraq, backed if necessary by force, was at the centre of urgent consultations yesterday at the United Nations Security Council.

Although some diplomats reported a momentum in favour of the plan, which was endorsed by the European Community and yesterday received cautious US backing, there was no British draft resolution on the table for discussion.

Sir David Hannay, the British delegate, said he was not pressing for any UN decision "at this stage".

Mr Douglas Hogg, UK Foreign Office minister, said: "What we want to do is to get the Kurds off the mountains, preferably into the villages and towns . . . monitored by the United Nations. That does imply the prospect of some force or threat of force if the [Iraqi] attacks continue.

"It would require UN observers in quite substantial numbers and their presence would have to be underpinned either by actual physical force or the prospect of it," he said in a BBC interview.

"THE Kurds saved the summit, so we had to try to save the Kurds," said a senior EC official only half in jest after European Community leaders ended their summit in Luxembourg. As it was, the Community showed itself "swift, generous and determined" in its response to the Kurdish crisis, said Britain's prime minister, Mr John Major. His call for substantial aid and a haven inside Iraq for the Kurds were seized upon and endorsed by other EC leaders. Page 6

Mr John Major, the UK prime minister, said on Monday that the second stage of the plan would be to get the Kurds back to their homes, which could include the large towns of northern Iraq.

Diplomats in Ankara said it was unclear how big any safety zone might be. "A narrow buffer zone along the border itself already seems to exist de facto," said a western diplomat. "There have been no reported attacks on refugees in the immediate border area."

He said a much more ambitious scheme to secure a big area of Iraq under UN auspices to allow refugees to return home "opens horrendous problems in terms of sovereignty".

Iraq responded bitterly to the enclave idea and vowed to oppose it with all its remaining power. Mr Saddoun Hammadi, the newly-appointed prime minister, accused Britain and security council members of mounting a conspiracy against Iraq's sovereignty.

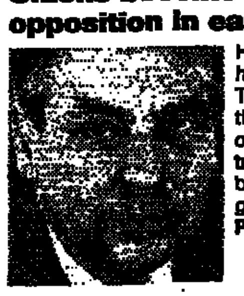
He claimed that the refugee problem had been greatly inflated and other officials said Central Intelligence Agency

Continued on Page 14

Bush cautions on Kurd enclave plan, Page 6; UN wrestles with human rights issue; 'Save haven' is not enough, Page 13

CONTENTS

Unions become the loyal opposition in east Germany



Heinz-Werner Meyer, head of the German Trade Union Federation (DGB), is typically on the right of the trade union spectrum, but by no means a government yes-man **Page 3**

MARKETS

STERLING
New York lunchtime:
$1.769
London:
$1.769 (1.7785)
DM2.9875 (2.9775)
FFr10.105 (10.075)
SFr2.535 (2.51)
Y242.75 (242.5)
£ index 92.8 (same)

GOLD
New York: Comex Jun $364.0 (362.1)
London:
$361.55 (357.5)

N SEA OIL (Argus)
Brent May
$18.95 (18.6)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime:
DM1.6885
FFr5.7115
SFr1.43125
Y137.15
London:
DM1.6885 (1.6735)
FFr5.7125 (5.665)
SFr1.4325 (1.412)
Y137.25 (136.3)
$ index 65.3 (64.8)
Tokyo close: Y137.0

US lunchtime rates
Fed Funds 5.93%
3-mo Treasury Bills: yield: 5.82%
Long Bond: $98\frac{5}{32}$
yield: 8.17%

STOCK INDICES
FT-SE 100:
2,529.9 (-15.4)
FT Ordinary:
1,999.0 (-15.5)
FT-A All-Share:
1,225.31 (-0.6%)
New York lunchtime:
DJ Ind. Av.
2,899.01 (+2.23)
S&P Comp
375.89 (+0.53)
Tokyo: Nikkei
26,607.65 (-159.68)

LONDON MONEY
3-month Interbank:
closing $12\frac{1}{32}$% ($12\frac{3}{32}$%)
Liffe long gilt future:
Jun $93\frac{1}{8}$ ($92\frac{3}{4}$)

EUROPEAN NEWS

E German plea for Bonn help to Soviets

By David Marsh in Bonn

A STRONG call for Bonn to extend further credits to the Soviet Union to help economic recovery in east Germany was made yesterday by Mr Kurt Biedenkopf, prime minister of the east German state of Saxony.

His plea, made in Dresden, came on the eve of a visit to Moscow starting today by two top Bonn civil servants charged with assessing the state of financial relations between Germany and the Soviet Union.

Mr Horst Köhler from the Finance Ministry, and Mr Dieter von Würzen from the Economics Ministry will discuss with Soviet officials new credit lines being extended by Bonn to allow Moscow to buy goods from east German factories.

Mr Biedenkopf, from Chancellor Helmut Kohl's Christian Democratic Union, said that massive Bonn spending on unemployment benefit for east German workers was senseless when traditional markets in the east were withering fast.

His arguments in favour of a more interventionist industrial policy in the east have lately been finding broad favour in Bonn.

Mr Jürgen Möllemann, the economics minister, won a promise from the Soviet Union in February for DM9bn (£3bn) in new orders for east German companies, to be backed largely by Bonn export credit guarantees.

An Economics Ministry official said yesterday that only DM1.4bn of the new contracts had been signed, although most of the rest was in the pipeline.

A Georgian boy in his father's arms waves the national flag outside the parliament building in Tbilisi yesterday

Yeltsin ally accuses him of neglecting reforms

By Judy Dempsey, East Europe Correspondent

MR Boris Yeltsin, the Russian leader, has spent too much time criticising President Mikhail Gorbachev and too little introducing land reform and private ownership in his republic, Mr Anatoly Sobchak, the radical mayor of Leningrad, said yesterday.

"I frequently pressed Yeltsin to put in place legislation for land reform instead of arguing with Gorbachev," said Mr Sobchak, who was elected mayor of Leningrad last June, and who is a member of Mr Yeltsin's consultative council.

Speaking in London, the 53-year-old former law professor said Mr Yeltsin would use the powers granted to him by the federation's parliament last week to dismantle the political base of the Communist party throughout the republic.

Mr Sobchak believes he will press ahead with holding elections from local village mayor up to the post of president.

"The communists are still in control in the communes. They continue to block change," said Mr Sobchak. "The political development of our country will depend on the creation of a multi-party system ... If elections for an all-Union president were held today, Gorbachev would have no chance."

Boris Yeltsin, leader of the Russian Federation, will meet senior members of the European Parliament during a visit there next week, a parliament spokesman said yesterday. Mr Yeltsin will visit the parliament in Strasbourg from April 15-16 at the invitation of the International Politics Forum, a Paris-based political think-tank linked to the parliament's Christian Democrat group. He is due to meet the Parliament President, Mr Enrique Baron, and address the parliament's socialists.

The leading role of the Communist party has been officially deleted from the constitution. But Mr Sobchak, who quit the party last summer, said: "The law and reality are two different things. The party still exercises power.

"I think our leaders made a great mistake last year at the 28th Congress [of the CPSU] by not splitting the party into two: a conservative, and a social democratic party."

He says the back of the Communist party could be broken through uniting all the democratic opposition movements.

"We must establish a counter-weight to the communists. This social-democratic all-Union party would include people like Mr Shevardnadze, [the former foreign minister], Mr Stanislav Shatalin, [Mr Gorbachev's former economic adviser] and other reformers," he said.

Efforts to establish a counter-weight to the Communist party could, however, be deflected by the price rises, which he said would bite at the end of the month, the relationship between central government and the republics, and the delay in setting up "new economic structures" to halt the collapse of the economy.

Moscow begins troop pull-out from Poland

A SOVIET missile brigade yesterday pulled out of the military base of Borne-Sulinowo in north-western Poland to set in motion the withdrawal of Moscow's 50,000 troops from the country, agencies report.

Some 60 soldiers with mobile missile launchers and armoured vehicles were in a 20-wagon train that began the process, disagreements over which have severely strained Polish-Soviet relations.

With Soviet troops already poised to complete pull-outs from Czechoslovakia and Hungary, Poland is the only country in eastern Europe which has not secured a deal on withdrawal terms.

General Viktor Dubynin, commander of Soviet forces in Poland, has said that there should be a Soviet troop presence until the end of 1993 to support the withdrawal of 380,000 Soviet soldiers from the former east Germany.

Gen Dubynin also made the first public confirmation that nuclear weapons had been deployed in Poland. He said all were removed by the first half of 1990.

Warsaw says it will be flexible on the deadline, but the date proposed by Moscow was not acceptable.

The withdrawal began in pouring rain following a ceremony in a railway siding that included speeches by Soviet and Polish generals and a Soviet garrison band playing the Soviet national anthem.

During months of tense negotiations, Poland has demanded that all the approximately 50,000 Soviet troops pull out by the end of 1991. The Soviets say they will not finally vacate Poland before the end of 1993.

Gen Dubynin also said that the final deadline for the Soviet departure would be agreed on by the "political leadership" of their countries. Polish president Lech Walesa is expected to travel to Moscow in May to try to settle the issue in talks with Soviet president Mikhail Gorbachev.

Feelings were mixed about the pullout among Poles living in the area of the sprawling 90km wide base, built up around a small Second World War German barracks to become one of the largest military training areas in Europe.

One man said he regretted the end of illegal gasoline sales by the Soviet soldiers to hard-pressed local farmers.

But Mr Zygmund Lichwa, the Polish railway official in charge of the troop train, said: "Each country has its own army, which looks after its own borders. That is the way it should be."

OECD says reforms would help Austria retain high growth

By Judy Dempsey, East Europe Correspondent

AUSTRIA'S economic growth will slow down this year, and in 1992, but the effects will be offset by higher oil prices, and Germany's growing demand for Austrian exports, according to the Organisation for Economic Co-operation and Development (OECD).

But the report warns the socialist-led coalition government it must not allow any slippage in the timetable for introducing structural reforms in housing, pensions, privatisation, and reducing subsidies if the budget is to be consolidated.

In 1990, GDP grew by 4 per cent, making Austria one of the fastest growing economies of the OECD countries. However, during 1991 and next year, GDP is expected to grow by 3 per cent as a result of a fall in domestic demand.

The forecasts were concluded in February, before the end of the Gulf war, and the subsequent easing in oil prices. Private consumption is forecast to fall from 4.3 per cent in 1990 to 3.0 per cent in 1991, and continue to decline to 2.6 per cent in 1992. Nominal incomes will grow, but inflation, caused by higher oil prices, is likely to dampen real income growth.

The OECD expects inflation will rise from 3.3 per cent in 1990, to 4.3 per cent in 1991, but will fall back to 3.8 per cent in 1992. Despite these trends, the OECD recommends that the Austrian government must not be deflected from reducing the budget deficit and introducing structural changes. In addition, it says further de-regulation must have a high priority on the economic agenda.

In 1987, in response to slack growth rates in the 1980s, heavy losses by the State-owned industries and lack of competition in the economy, the socialist-led coalition government adopted a medium-term budget consolidation programme. It aimed at reducing the net federal defict from 3.2 per cent of GDP in 1986 to 2.5 per cent by 1992. Last year, the budget deficit had fallen to 2.9 per cent of GDP.

The government, which was re-elected last October, also introduced the first phase of a cautious privatisation programme. Despite the impressive decline in the budget deficit, the OECD points out that this consolidation has not been matched by consistent, structural reforms in the economy.

"Much of the progress so far has resulted from buoyant economic activity rather than from stucutural improvements in the budget, and from substantial privatisation proceeds," the OECD states.

However, the report acknowledges the government's successful attempts at reforming the fiscal system, as well as turning around the OIAG, the former holding company for the state-owned industrial sector, from a loss-making group into profit.

It also welcomes the government's decision to eliminate short-and long-term interest rate differential vis-a-vis Germany, which strengthens Austria's hard currency policy. The schilling is tied to the Deutschmark.

But the OECD makes a plea for more de-regulation and fewer subsidies. Federal and general government subsidies totalled Sch77.7bn ($6.70bn) or 4.3 per cent of GDP, while subsidies to enterprises and agriculture amounted to Sch28bn, about 1.7 per cent of GDP.

EUROPE IN BRIEF

Brussels aid probe aim widens

Inquiries by the European Commission into possible illegal state aid for Bull, the computer manufacturer, and Thomson, the defence and electronics group, will include an assessment of the impact on EC competitors, writes Andrew Hill in Brussels.

The Commission yesterday confirmed that it had begun the first stage of examining the French government's proposed FFr6bn ($1.1bn) injection of new capital for Bull and Thomson.

It intends "to determine whether it contains state aid or represents the normal unaided provision of equity capital by a shareholder acting under normal market conditions".

The French authorities have been asked for full details of the capital injections. These which they have to supply within 15 working days.

A formal inquiry will follow if the Commission decides the injections constitute state aid, and this will look at the effect of the aid on Bull and Thomson's competitors in the Community.

If the Commission then decided the proposed aid was illegal, it could warn the French government not to go ahead with the capital injections, which are planned for later this year.

Michelin sheds more jobs

Michelin, the world's largest tyre maker, is planning to shed an extra 4,900 jobs in France, a tenth of its workforce there, in its fifth and largest round of job losses in recent years, writes William Dawkins in Paris.

This is the main part of a 15 per cent overall reduction the 130,000-strong company is seeking from its main industrial centres across the world, said officials.

Michelin, dogged by falling prices and demand in a tyre industry suffering from substantial overcapacity, estimates that it lost slightly less than FFr2.3bn ($400m) last year – below earlier forecasts, but before an as yet unquantified exceptional charge for the job reductions, said an official.

The cuts are designed to put the loss-making group on track to break even by the second half of this year.

Michelin is seeking 4,350 redundancies out of the 4,900 job losses, with the rest to come from natural departures.

Of the total, 2,432 jobs will be lost from the workforce at Clermont-Ferrand, where the number of Michelin workers has fallen from 30,000 to 18,000-strong since 1983. Another 1,222 will come from factories in Orleans and Bourges.

Mr Alexander Bessmertnykh (left), the Soviet foreign minister, held talks with President Borisav Jovic of Yugoslavia in Belgrade yesterday before leaving for a two-day official visit to Athens. He will meet the Greek prime minister, Mr Constantine Mitsotakis today. It is the first visit by a Soviet foreign minister to Greece since 1956.

Treaty ignores Moscow

Romania and the neighbouring Soviet republic of Moldova agreed to draw up a trade cooperation treaty that bypasses Moscow, Reuter reports from Bucharest.

Agreement to draft the trade and economic cooperation treaty was reached in talks between Prime Minister Petre Roman and Mr Nicolae Tiu, visiting Moldovan foreign minister, the official Romanian news agency Rompres said.

Romania and the Soviet Union last week signed a new treaty of friendship which opened the way for Romania to deal directly with the 15 Soviet republics.

Moldova includes former Romanian territory seized by the Soviet Union in 1940 and has a Romanian majority. The republic's nationalist leadership last year declared sovereignty and has said it wants to make the region an independent state.

Bulgarian students protest

Students in the Bulgarian town of Rousse began a sit-in at their university to support calls for early general elections, Reuter reports from Rousse, Bulgaria.

"We want parliament to resign immediately and new parliamentary elections in June," Mr Plamen Yonchev, a student leader said.

The students backed the main opposition Union of Democratic Forces which said on Monday that its members would quit parliament on April 19 unless elections were set for June.

An all-party caretaker administration has been set up to lead the country to new elections this year. The majority Socialists, who succeeded the Communists, have proposed only local elections for June with parliamentary elections being held in September.

Greek tourist die in fire

Thirty-six Greek tourists, including five children, were killed when fire roared through their bus in Istanbul, Reuter reports from Istanbul.

The Greek bus driver, Mr Antonis Jiolas, 36, said an arsonist had set the vehicle alight with petrol.

There was no immediate confirmation that arson was involved and the Istanbul fire brigade chief gave a different account, saying the fire began in a kitchenette on the bus and spread towards passenger seats and the driver's cab.

Sweet music

French musician Mr Pierre Amoyal recovered his Stradivarius violin that was stolen four years ago and promised to reward the Italian police by playing it in their honour, Reuter reports from Turin.

He flew to Turin to verify the authenticity of the 1717 violin which had been insured for the equivalent of $1.7m when it was stolen.

The Financial Times (Europe) Ltd Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Meyer: conciliatory head of trade union federation

Unions now the loyal opposition in east Germany

David Goodhart looks at a policy which has placed organised labour at the forefront of both political protests and practical co-operation with the government

THE trade unions in Leipzig said yesterday they would not, for the foreseeable future, be organising any more Monday unemployment demonstrations. The announcement came after this week's smaller and more subdued demonstration, which included a one minute silence for the murdered Mr Detlev Rohwedder, head of the east German Treuhand agency, honoured today with a state funeral in Berlin.

The unions had not been alone in criticising the Treuhand but the Monday demonstrators were the loudest and angriest critics. Mr Franz Steinkühler, leader of IG Metall, called the Treuhand a "slaughterhouse" and was accused of preparing the psychological ground for Mr Rohwedder's murder.

But Mr Heinz-Werner Meyer, head of the German Trade Union Federation (DGB), did not join the Treuhand-bashing. He now credits Mr Rohwedder, a Social Democrat who knew the unions well from the steel crisis in the Ruhr, with Bonn's shift towards a "soft-landing" strategy for east Germany and believes he will be politically irreplaceable.

Mr Meyer's comments are not reflex pieties. In an interview a few days before the murder he condemned the creeping "irrationality" in east Germany, praised the government and the Treuhand and claimed that one of the unsung successes of unity is the high degree of labour-management consensus towards east Germany's problems.

Mr Meyer, 58, who took over at the DGB last May, is, typically for a DGB chief, on the right of the trade union spectrum, but by no means a government yes-man. He had previously led the miners union and has been a more articulate and critical DGB leader than his predecessor, Mr Ernst Breit.

"The fact is," he says, "the government has won our support thanks to the change in their policies towards east Germany in the past two months". He adds that Bonn raised expectations far too high, should have acted earlier and could still do more. But because much of the DGB's own programme for east Germany has been adopted the least he can do is echo the employers and say "the right framework for east Germany is now in place".

But if the DGB's official line is so conciliatory why have its 16 member unions been leading the protests in east Germany? And despite withdrawal from the Leipzig demonstrations, union-organised protests in east Germany will continue.

Mr Meyer accepts there is a "necessary contradiction" here. "It is a difficult situation for us but if we do not represent the feelings of our members then extremists will," he argues.

The takeover of the old east German unions by their west German equivalents is now complete. The DGB had been expecting east Germans to react against unions after their experience with Stalinist unions but to its surprise union membership – about 50 per cent of the workforce – is higher in the east than in the west.

With the Social Democratic opposition still weak the unions have become the unofficial opposition.

The DGB is not shouting about its success partly because it does not know how solid union support is. It is also having trouble making a reality of west Germany's complex labour laws, now operating in east Germany, because of a lack of qualified union officials.

But DGB pressure has beefed up retraining and job creation measures, helped extend Bonn money for short-time working, ensured that west German style redundancy pay-offs apply in the east, and will probably extract special provision for east Germany's long-term unemployed.

Some DGB officials also say, privately, that as a quid pro quo for backing the Bonn government's strategy in the east they will be expecting concessions on "anti-labour" laws, although Mr Meyer dismisses such speculation.

Mr Meyer is aware of the dilemma on pay levels: if harmonisation with west German levels comes too quickly it will be a disincentive to investment, if it comes too slowly skilled labour will move west.

The two big east German agreements, for metal workers and public service workers, which phase in equal wages by 1994 and 1995 respectively, have been criticised as foolishly generous. But Mr Meyer says that when the absence of fringe benefits and differences in working time are taken into account, real earnings in east Germany will remain 30 per cent below west German levels in the mid-1990's.

"This is necessary but is not something we publicise in Germany," he admits.

His sensitivity to east German psychology also causes him to worry that the new emphasis on state-backed restructuring of companies – rather than closing that which cannot be privatised – is again raising hopes of a painless transition. "I have never known a restructuring in west Germany without heavy job losses, we must not create a second wave of disappointment in the east," he warns.

DM500m injection for ailing companies

By David Goodhart in Bonn

EAST GERMANY'S two giant loss-making chemical companies, Leuna and Buna, are to receive DM500m (£167m) in new investment, underlining the new priority to be given to restructuring rather than closing unprofitable companies.

The companies, which account for a large proportion of industrial jobs in the state of Saxony-Anhalt, will each receive DM250m in credits guaranteed by the Treuhand, the agency charged with supervising and selling off east German industry. Leuna is expecting to cut its workforce from 20,000 to 16,000 before the end of the year.

Further help to build up an efficient public administration in east Germany was yesterday agreed in Bonn in the form of extra financial incentives for west German public officials to work in the east.

According to Mr Hans Peter Stihl, head of the German Chambers of Commerce, more than 1m jobs have been created in east Germany in the past 18 months and DM25bn in new investment from German and foreign companies has been pledged this year.

But foreigners remain cautious about east German acquisitions, according to the Treuhand, which said yesterday that only 50-80 of the 1,000 privatised companies had been bought by foreigners. The French remain top of the list; the British are second.

Bonn yesterday also announced a 15 per cent rise in east German pensions.

Another German deficit

By Andrew Fisher in Frankfurt

GERMANY'S current account remained in deficit in February, as rising domestic demand after unification pulled in imports and kept exports depressed.

The federal statistics office reported a DM1.7bn deficit after DM2.1bn in January, the first time there had been no surplus for six years. In February last year, there was a DM8.3bn surplus.

Over the first two months, the current account was DM3.9bn in deficit against a DM18.7bn surplus a year earlier.

The trade surplus was only DM2.6bn in February compared with DM1.3bn in January and DM10.6bn in February last year. The January-February trade surplus was down to DM3.9bn from DM23.5bn, as imports rose 19 per cent and exports fell 3 per cent.

The sharp change in Germany's trade and current account performance is one of the clearest indications of the economic upheavals caused by unification. East German demand for consumer goods has buoyed domestic demand at a time when foreign orders have tended to weaken, as the world economy slows.

Britain and Ireland refuse to join continental producers in price warning to Brussels

Competition split in EC power industry

By Andrew Hill in Brussels and William Dawkins in Paris

BRITISH AND Irish electricity suppliers have split from their continental European counterparts in a dispute over how to introduce competition into international power distribution.

The two countries refused to sign a paper agreed on Monday by continental members of Eurelectric, the industry's representative body, which warns that opening the EC market to greater competition could produce steep price rises and increase the risk of power cuts.

"Given that we have the [privatised] system that we have here, we are simply not able to sign that document," said a British industry official.

The paper, signed by continental Eurelectric members including Switzerland and Austria, provides an appendix to a report submitted to the European Commission by a committee of EC electricity industry and consumer representatives.

Eurelectric's failure to agree a unanimous position comes at a sensitive time for the industry, when the Commission is preparing to use all the legal powers at its disposal to attack public gas and electricity monopolies and liberalise the EC energy market.

Even without the UK's signature, the Eurelectric paper is the latest sign of the increasingly strained relations between power suppliers and the Commission. Brussels is considering whether to push for obligatory third-party access, which would allow large power users to buy electricity from cheaper suppliers in other EC countries.

Last month, the Commission announced it had started legal proceedings against some national electricity utilities to remove cross-border monopolies, and only last Friday, Sir Leon Brittan said in a speech the Commission would consider using special powers to issue directives without the formal approval of member states in order to open up energy networks.

Mr Jean Bergougnoux, managing director of Electricité de France (EdF), Europe's largest electricity exporter, and chairman of Eurelectric's energy section, deplored the Commission's legal action as "a first step in the direction of third party access." This would create problems for suppliers and have "bad consequences for consumers", he warned.

EdF officials said that utilities would welcome free competition in electricity production, so long as monopolies in distribution were allowed. They understood why the interests of the British electricity industry should be different from its continental counterparts, which practised more cross-border trade because there were more connections between their networks.

Eurelectric said that third party access "would seriously compromise the continuity of supply to consumers," because having to handle a mass of small supply contracts would complicate utilities' efforts to correct technical failures. There was a risk of price volatility, which would put pressure on utilities to cut long term investments. They might prefer to build a gas-fired power station in three years rather than spend 10 years building a more efficient nuclear plant, it said.

It did not think the fact that the UK and Ireland had failed to sign the paper damaged the industry's negotiating position with the Commission. An official said there had been no formal vote, and added: "It's normal in an association that sometimes you can't get all members to agree."

Hungary puts former security chiefs on trial

By Nicholas Denton in Budapest

THE FIRST important political trial of members of Hungary's old communist regime began yesterday when two former security chiefs faced charges of allowing illegal phone-tapping.

Mr Ferenc Pallagi, former deputy interior minister, and Mr Jozsef Horvath, retired head of III/III, the notorious department which dealt with dissidents, were accused by a Budapest military court of responsibility of bugging opposition politicians.

Both were caught up in a scandal which afflicted the twilight months of the regime. A parliamentary investigation found that leading Communists had received security service accounts of the activities of opposition parties.

The defence – that the two men were just obeying orders – threatens to implicate several influential ex-Communists. Tomorrow Mr Miklos Nemeth, the former prime minister, is to testify, less than a week before the London inauguration of the European Bank for Reconstruction and Development, of which he is one of the deputy presidents.

Despite the court case, pressure for retribution has been weaker than in other east European countries and the authorities do not want a legal witch-hunt.

Nevertheless, last month parliament voted to abolish the supplementary pensions which the party had given to its stalwarts. Also, the government has in practice discriminated against former communist administrators, forcing many into private business.

EC single market 'could disappoint developing states'

By Peter Montagnon, World Trade Editor

COMPLETION of the EC single market will add only Ecu7bn (£4.86bn) to the exports of developing countries, despite promises by Brussels that it would give their economies a significant boost.

This is the main finding of a new study by the Overseas Development Institute* which says increased exports of primary products and manufactured goods will be offset by losses through trade diversion, as Europe becomes more competitive and self-sufficient in some goods it now imports.

Specially vulnerable, says Mr Michael Davenport, a former Commission official and one of the authors, are the newly industrialising countries of south-east Asia. Malaysia, for example, would suffer a net loss of of 0.9 per cent of its exports because of trade diversion. Even newly industrialising countries were now investing inside the EC, as were some Latin American countries such as Brazil, Ms Sheila Page, his co-author, adds.

The aggregate trade effect of the 1992 programme appears small, but Mr Davenport warned of a significant impact on specific countries, especially those currently benefiting from bilateral preferential arrangements with individual member states.

This includes not only the well-publicised case of bananas where Caribbean producers such as Jamaica and the Windward Islands are expected to lose ground to more competitive growers in Central America. Morocco would lose its preferential access to the French orange juice market and Ivory Coast a similar privilege for bananas.

The study warns of Community-wide quota restrictions being introduced on products such as footwear, consumer electronics and ceramics. EC officials deny it will become a fortress in trade terms, but pressure for protection is increasing in the automotive and electronic sector, with a record number of anti-dumping complaints in the pipeline, Mr Davenport said.

Developing country exporters could expect to be hit by tougher standards after 1992. These would constitute trade barriers in some cases, applying especially to wood, cut flowers and fish and fish products, which were becoming important exports for many developing countries.

**Europe: 1992 and the developing world. Michael Davenport and Sheila Page. £9.95; Overseas Development Institute, Regent's College, London NW1 4NS.*

Commissioners meet on Japanese car imports

By Andrew Hill in Brussels

EUROPEAN Commissioners concerned with the issue of Japanese car imports to the EC met in Brussels yesterday, to discuss the latest developments.

The meeting, postponed several times, gave the seven-strong group their first chance to talk about the issue since European car-makers presented their proposals to the Commission.

The European industry's suggestions, urging control on Japanese car sales in the EC until the end of 1999, were not a separate item on the agenda.

But officials said the commissioners, who include those responsible for industry and the internal market, tax, competition, the environment, and external affairs, were likely to consider the industry's views when discussing, for example, EC manufacturers' ability to adapt to new developments in the market.

Officials did not expect the decisions to be made public, and it is possible that the commissioners will have to meet again before presenting any specific proposals to the full Commission.

French win US helicopter gun deal

GIAT Industries, the French maker of tanks, guns and ammunition, has won a FFr800m (£79.3m) contract for gun turrets for the US Army's latest light helicopter, its first big sale to the US, William Dawkins reports from Paris.

The contract is vital to Giat Industries' efforts to reduce dependence on the French army, which traditionally buys 90 per cent of its output. It is good news for the French arms industry, which is looking to exports to make up for the slowdown in the growth of the national defence budget. Defence officials estimate French arms exports showed a sharp recovery last year after falling to FFr20bn, a 10-year low in 1989.

The turrets, to be designed, developed and made by Giat Industries, are to be delivered towards the end of the decade to Boeing and Sikorski, the leaders of the US consortium working on the $33bn project. Five prototypes are to be delivered in the next four years.

They are to house a 20mm double-barrelled gun, based on the Vulcan weapon used by Cobra attack helicopters, and which can be stowed inside the aircraft when not in use. It can fire equally at ground targets or other aircraft.

Giat Industries first entered the US market late in 1990 when it acquired Fabrique Nationale Nouvelle Herstahl, the Belgian arms group. Its US subsidiary, FNMI, makes M16A2 rifles for the US army.

The contract is a boon to the financial hopes of Giat Industries, which was last year turned from an agency of the Defence Ministry to a state body under autonomous management, under instructions to make a profit for the first time in its history.

Giat Industries made a loss of FFr650m on sales of FFr6.5bn in 1989 and aims to break even by mid-decade. The group's exports are negligible, though its Belgian acquisition sells more than 90 per cent of production abroad.

US technology comes under fire

Military bias could become a campaign issue, writes Nancy Dunne

THE "technology gap" has the enticing ring of a Democratic campaign theme. It evokes the alleged "missile gap" John Kennedy successfully exploited in his 1960 presidential campaign, when he promised to "get the country moving again".

Despite current euphoria over the success of US "smart bombs" and Patriot missiles in the Gulf war, reports have warned that the US has fallen behind Japan and Europe in developing a wide range of civilian technologies.

The most recent critique, from the Washington-based Council on Competitiveness, concludes that the US has fallen behind or abandoned one-third of the 94 technologies which will drive productivity, economic growth and competitiveness this decade.

The ideological divide between the Democratic Congress and the Republican White House has forestalled concerted response.

The ghost of the Reagan White House still haunts those who propose anything smacking of an "industrial policy," or any spending programme designed to achieve through co-operation between business, government and academic institutions what the free market cannot.

It is political orthodoxy, which few in either party challenge, that industrial policy involves "picking winners and losers".

The only permissible exception is for industries deemed vital to military security, for example, semiconductors, which received reluctant government funding for the Sematech consortium. Yet, as a Republican congressional aide noted, the US has a long history of successful industrial policies, embracing defence, space, and agriculture.

In his recent book, Cowboys and Samurai, Prof Stephen Cohen of American University noted that "Americans reject the notion that the proven ability of the US government to strengthen targeted sectors could be applied to civilian technology. A manifestation of this attitude is the fact that the closest Washington counterpart to Japan's Miti is not the Commerce Department, but the Defence Advanced Research Projects Agency (DARPA), the Pentagon's outlet for financing new weapons technology and dual-use technology."

The White House has not totally ignored the competitiveness threat. For this, much credit is given to Dr Allan Bromley, the president's science adviser, who convinced its inner circle that it does make a difference whether or not the US makes computer chips or potato chips.

He has also produced a "technology policy", giving support to "pre-competitive generic technology" which would benefit several industries.

The administration has proposed $76bn (£42.9bn) for research and development next year, but has not mounted special efforts to shift spending from defence and space to commercial technology. It has agreed to spend $150m on a programme to create a fibre-optic link between the nation's super-computers.

Last month, the Commerce Department awarded $12m to five regional manufacturing advice centres to help US business adapt to high-technology processes, and gave $9m for 11 research and development projects under the Advanced Technology Programme (ATP) to improve electronics manufacturing techniques.

The ATP was first authorised by the Congress in 1988, but the administration did not want to fund it the first year. Next year, its budget is scheduled to reach $36m, about one fourth what the Pentagon spends on its marching bands.

While these programmes will help, they total just a fraction of subsidies granted by Europe and Japan to industrial development, and will not produce tangible results by the 1992 elections.

Democrats are highlighting the connection between the success of US weaponry in the Gulf and the billions of government dollars poured into their testing and development. The linkage will be made between the US trade deficit and declining number of manufacturing jobs.

Japanese trade practices have taken most of the blame. But increasingly, it has been noticed that US products are being outclassed because companies are slow to adapt new technologies.

The White House, reluctantly drawn to the competitiveness bandwagon, can be charged with a lack of leadership on an issue vital the country's economic future. The theme has already been tested by Senator Lloyd Bentsen, another prospective candidate.

"What do you think would have happened if John Kennedy's Department of Commerce found America lagging in 10 of 12 critical technologies for the future?" he asks.

"He would have mobilised every agency, every federal lab, major university and private enterprise in an all-out effort . . . to make America number one."

The US House budget committee yesterday began debating a near-$1.5trillion (million million) budget plan for next year, including funding for a "competitiveness" package put forward by House Democrats, Nancy Dunne reports from Washington.

Mr Leon Panetta, budget committee chairman, announced his plans after consulting Mr Richard Gephardt, majority leader, and other top Democrats. Mr Gephardt has pledged to detail a trade competitiveness scheme later.

A Gephardt aide said the Democrats were moving to change priorities in the president's budget, to provide $100m more for Pentagon technology research and $10m more than President Bush has sought for the Commerce Department's Advanced Technology Programme.

The Democrats want big increases for the National Science Foundation, National Institute of Health, Defence Advanced Research Projects Agency, National Institute of Standards and Technology, and export programmes.

Hungarians allow most curbs on imports to lapse

By Nicholas Denton in Budapest

A HEALTHY current account has allowed Hungary to open up to almost all imports since the start of the year.

Ninety-nine per cent of applications to import restricted consumer goods in the first half of 1991 were granted, according to Mr Janos Martonyi, state secretary at the Ministry of International Economic Relations. "What is going on now is *de facto* liberalisation," he said of the almost automatic issue of permits.

The government now had the option to abolish the global quota which limited the value of licences given out to $640m (£363m) in 1991, Mr Martonyi added.

In any case, licences are now needed for only a tenth of imports: goods such as shoes, clothes, household goods and cleaning materials. Formally liberalised imports – the rest – are expected to account for 90-92 per cent of the total in 1991, against 70 per cent in 1990.

Ironically, further import liberalisation may hurt some western joint ventures in Hungary which the government had attracted with privileged import concessions.

The Budapest authorities have only felt confident enough to accelerate import liberalisation since figures came through of a surprisingly healthy balance of payments so far this year. The current account withstood the move to world-market prices for energy imports from the Soviet Union, to show a $175m surplus in January.

Import liberalisation is central to Hungary's effort to bring down consumer price inflation from February's 32-33 per cent. Officials hope that cheaper imported clothes, shoes and electronics will lead inflation down in the second half of the year.

Wider availability of western goods for Hungarian currency also serves further to narrow the gap between its official and black-market rates, which has already shrunk to 10 per cent.

Taiwan in drive to track down capital sent to China

TAIPEI is to punish companies that failed to declare their mainland operations by an April 8 deadline, in a late bid to control the flow of Taiwanese investment capital into China, Peter Wickenden reports from Taipei.

Despite the ban on all investment in China, over the last four years thousands of companies have shifted their operations there to escape rising land and labour costs and environmental protests.

The government now allows indirect investment in China for 3,679 low-technology and labour-intensive items which can no longer be produced competitively in Taiwan. But it has never kept formal records on the volume and nature of the investment.

Offers of assistance to those registering their activities by the deadline, and threats of punishment for ones later discovered, proved effective beyond expectation. By Monday, some 2,390 companies had come forward. Those that failed to do so, may be penalised. Penalties include restricting foreign exchange operations, cutting off credit, probing tax records, rejecting applications for overseas investments, and denying government grants and subsidies.

Companies that admitted making illegal direct investments will not be punished, but will be allowed to convert these to indirect investment by setting up paper holding companies at a new semi-official Taiwan trade centre opening in Hong Kong this month.

Total value of China-approved Taiwanese investment is estimated at $2.2bn(£1.25bn) by 2,000 companies at end of last year.

Appointments Advertising also appears today on pages 14, 15 and 16

AMERICAN NEWS

Last rites in sight for debt crisis

Even cautious investors are now looking at Latin America, reports Stephen Fidler

LATIN America is undergoing a process of profound change, says Mr Enrique Iglesias, president of the Inter-American Development Bank. Mr Iglesias is well-known as the region's unofficial ambassador abroad, – but he is right. The old model of Latin American development – of self-sufficient economies and an overweaning state presence in economic endeavour – is dead. In Nagoya, at the bank's annual meeting this week, they were dancing on its grave.

Every country on the Latin American mainland has already felt the shift in rhetoric. To a greater or lesser extent (depending on the country) this rhetoric is being translated into action. Economies are being opened to the outside, serious efforts are being made to keep fiscal deficits under control and privatisation is everywhere.

Mexico this year joined Chile in demonstrating what serious economic reform can produce. Both may soon have a free trade agreement with the US. Even the conservative Japanese are showing some interest in investment in these countries for the first time since the debt crisis exploded in 1982.

The debt crisis is seen to be almost a thing of the past. "What we have left is just the rump of the debt problem," said Mr Shaheed Hussein, World Bank vice-president for Latin America and the Caribbean. The problem remains in Brazil, Argentina, Ecuador and Peru – but the Nagoya meeting has fostered hopes that even in economically-devastated Peru the problem can be resolved.

Nowhere is debt seen as the sole cause of economic malaise; it is largely regarded as another symptom.

Some fundamental questions remain, despite the more optimistic outlook. The successful economies, Chile and Mexico, were among the most autocratic of Latin American regimes in the 1980s. It is still not clear whether less authoritarian regimes, in particular the struggling giants of Brazil and Argentina with their weak central governments, have the power to force through change over the heads of the powerful vested interests that oppose it.

It is also possible that the emphasis on privatisation which has swept the continent has been overdone. Privatisation is justifiable on the grounds that it frees the state to concentrate on activities which are more suited to it: health, poverty alleviation and infrastructure development. This point is made repeatedly by Mexican officials, where in less than a decade the state has withdrawn from ownership of all kinds of enterprises, including restaurants and discotheques.

In Argentina and elsewhere, privatisation has been one way for a country to reduce its debt burden to banks in a non-inflationary fashion, by swapping shares in the companies for bank debt.

However, privatisation is no substitute for reform of macroeconomic policies or for the stemming of chronic fiscal deficits that can only be financed through printing money. Indeed, until fiscal deficits are addressed, only a few state enterprises may be attractive to buyers either at home or abroad. More significantly, without a background of economic stability and confidence, conditions for economic growth will not be in place.

According to Mr Pier-Pablo Kuczynski of First Boston in New York, a Peruvian expert on Latin American economic issues, the problem in most of Latin America remains one of a shortage of savings, by both government and the private sector.

This has been exacerbated by recent efforts to bring fiscal deficits under control. In trying to do this, the state – unable to raise revenues through taxes – withdraws from spending where the economic pressure groups have no strong interest: from infrastructure development, health and education. But spending continues on bureaucracy and loss-making state enterprises. In this way, therefore, privatisation is helpful in breaking the power of special interest groups, but is not enough alone to bring economic success.

There is an irony therefore. The state has to withdraw from some fields, and assert itself elsewhere. Mr Kuczynski and others argue that Latin governments must be encouraged to save – in other words to abstain from consumption and to make long-term commitments to infrastructure development.

In this, the IADB has significant potential in its traditional role as lender to state-sponsored infrastructure projects. Some people, including Mr Kuczynski, believe that the bank's preoccupation with supporting the private sector and its move into making loans for balance of payments support means that it is thus concentrating on the wrong issues.

IMF sees steep fall in growth to 1.4%

By Michael Prowse in Washington

THE International Monetary Fund has sharply revised down its forecast for world growth this year, but it expects a strong rebound in 1992.

The Fund's latest forecast is reported to show growth in industrialised countries declining to 1.4 per cent this year, compared with about 2.3 per cent in 1990. Last September, the Fund was more optimistic, projecting growth of 2.4 per cent growth this year.

The slowdown, however, is seen as temporary with growth rebounding to 2.8 per cent next year.

The forecast was leaked to Italian newspapers, and Fund officials warned yesterday that the numbers could be slightly revised before official publication later this month.

The lower growth figures partly reflect the depth of the US recession, which was not forseen last autumn. The Fund expects US gross domestic product to fall 0.1 per cent this year. This compares with a Bush administration forecast of a fall of 0.3 per cent. The Blue Chip private sector consensus forecast is for GDP growth of 0.1 per cent.

Next year, the Fund expects the US to share fully in world recovery, growing at 2.8 per cent. The White House and Blue Chip forecasts are for growth of 3.1 per cent and 2.6 per cent respectively.

Only Japan and Germany will grow at rates of more than 3 per cent in 1991, it added.

The Fund's projections for growth in the industrialised world as a whole are also in line with private sector forecasts. Goldman Sachs, the Wall Street investment bank, for example, is projecting 1 per cent world growth this year, the worst performance since the 1981/82 recession.

On Italy, the Fund said the public deficit remained the most worrying aspect of the economy and it urged the government to be rigorous in its plans to reduce the shortfall.

TV re-run ruling pleases no one

By Martin Dickson in New York

THE Federal Communications Commission yesterday voted to relax rather than repeal rules which prevent US television networks from sharing in the $3bn a year Hollywood profits from the syndication of former prime time shows.

The three-to-two compromise ruling pleased neither the three networks, which had campaigned for the repeal of restrictions on their ability to produce shows and sell re-runs, nor the Hollywood studios and independent producers who wanted to keep the rules intact.

The rules prevent networks acquiring financial interests in the syndication of television programmes produced by others, or retain an interest in the domestic syndication of their "in house" productions.

The commission voted to scrap the rules for all portions of the network schedule other than prime-time viewing. However, the networks will be allowed to fill no more than 40 per cent of their prime time schedule with "in house" productions.

Subject to certain constraints, the networks will be free to acquire all rights – including foreign syndication rights – in outside productions.

They will also be able to retain all rights in "in-house" productions, including domestic distribution.

The original rules were adopted by the FCC in 1970, when the networks still had a stranglehold on prime time audiences, and were meant to ensure a fair sharing out of programme revenues.

Los Angeles police chief regains job

MR DARYL GATES, the outspoken Los Angeles police chief, has been allowed to return to his job after a suspension from duty amid an investigation into a controversial televised police beating of a black man, Reuter reports from Los Angeles.

The city Police Commission, which supervises police activities, placed Mr Gates on paid leave from his $168,000-a-year post last Thursday for at least 60 days while it examined what it called serious allegations of mismanagement against Mr Gates concerning the beating.

But the city council, in a 10-3 vote which ignored strong objections by Mayor Tom Bradley, overrode the commission and agreed to a legal formula which allowed Mr Gates to return to work. The council said Mr Gates, 64, was forced to leave office without being given a full hearing.

The controversy divided the city into Mr Gates' supporters, including police and conservative groups, and those who say he must go.

An amateur cameraman sparked the furore when he videotaped white policemen beating Mr Rodney King more than 50 times after a car chase.

Cheney to recommend closure of US bases

PENTAGON officials said yesterday, that Mr Dick Cheney, the US defence secretary, will recommend this week closing or shrinking more than 30 major military bases in the United States, and will move later in the year to close or realign another 100 facilities overseas, Reuter reports from Washington.

Mr Cheney will hold a Pentagon news conference tomorrow the officals said, at which he will propose closing or reducing the size of several dozen bases within the US.

The proposed closings will be part of large planned cutbacks in the US defence budget.

Mr Cheney said in a speech on Monday that the 2m-member US military would shrink by 521,000 over the next six years, including a reduction in active Army divisions from 18 to 12.

He said bases at home and abroad must be closed.

He announced last September that the Defence Department would close or reduce operations at 150 military facilities abroad, including 108 sites in West Germany.

And early last year Mr Cheney proposed a list of 55 cases in the United States to be closed or cut, but that plan died in a hailstorm of charges by Democratic members of Congress that it targetted their election districts.

Cutting bases within the country is a move that traditionally triggers political uproar among members of Congress, who like the jobs and votes such bases bring in their constituencies.

This time, however, President George Bush and Congress will have little opportunity to change the list, because of new rules essentially requiring an up or down vote on the matter.

Under new rules, a commission appointed by Mr Bush will look over Mr Cheney's list and then submit it to the White House and, later, to Congress. Either can reject the list, but they may not change it.

US law does not require approval by Congress of changes at overseas bases.

Endara: sacked five ministers

Power vacuum forms in Panama

By Tim Coone in Managua

PRESIDENT Guillermo Endara of Panama has broken a decade-long centre-right alliance and created a power vacuum in which the left-wing Revolutionary Democratic Party (PRD) may now play a pivotal role.

Mr Endara sacked the five ministers belonging to the centrist Christian Democrat party (PDC) in a cabinet reshuffle on Monday, along with the PDC heads of several state-run institutions. "I have decided to govern without the PDC, to put an end to the fight for political posts," he said.

The cabinet is now dominated by members of President Endara's Arnulfista party and of Mr Billy Ford's Molirena party. Mr Ford, planning minister, controls economic policy, and is pushing for rapid economic liberalisation and privatisation, despite strong trade union opposition.

The ruling ADOC alliance split came after months of bickering over economic policy and the share-out of cabinet posts. Mr Ricardo Arias Calderon, PDC head, and ex-minister of interior and justice, said: "We shall now lead the democratic opposition in Panama. We will be firm in opposition and subject all the government's policies and administration to scrutiny".

He named as a main cause of the split the government's insistence on channelling funds allocated to PDC-run ministries to meet foreign debt obligations. The PDC was alarmed by last January's by-election results, when the PRD won five of nine seats for the 67-seat National Assembly.

High unemployment and the government's economic performance were widely blamed for the setback. The PDC believes priority must now be given to welfare and job creation, with foreign debt rescheduling plans taking account of these.

With the PDC expelled, the government can no longer count on support from the party's 28 National Assembly deputies. The PRD, formerly controlled by Gen Manuel Noriega, who was deposed by the US invasion in 1989, now holds the balance of power in the assembly, with nine seats.

Mr Louis Martinz, an Endara aide, said: "We do not rule out a possible alliance with the PRD." Mr Arias said the PDC did not intend to ally with the PRD in opposition. He claimed the government had promised pardons to former PRD officials under investigation for alleged crimes while part of the Noriega administration, to obtain PRD support in the Assembly.

INTERNATIONAL NEWS

UN wrestles with human rights issue

By Michael Littlejohns, UN Correspondent, in New York

WITHIN DAYS of Iraq's agreement to tough United Nations terms for a permanent ceasefire in the Gulf war, which the Security Council proposed yesterday to declare "irrevocable", member states were again confronted with the familiar legal conflict between the protection of human rights and the rule that bars interference in a state's internal affairs.

"That is the old problem with everything which refers to human rights," Mr Javier Pérez de Cuéllar, the secretary general, observed yesterday.

He said he shared the concern of the Europeans and others about the Iraqi minorities, and added in remarks to reporters: "I think that in the end the Iraqis will understand that it is even in their interest to have these people protected. After all, they are Iraqis whether they are Kurds or Shia."

None of the the European Community leaders appears to have addressed the dilemma of breaching sovereignty during their Luxembourg meeting on Monday. Asked if the British plan for a Kurdish safe haven did not constitute intervention in Iraqi domestic affairs, Mr John Major, UK prime minister, replied: "No, it's protection of a population from persecution."

However, several members of the Security Council with national minority problems of their own are not eager to authorise the UN to go beyond what it is already doing for the Kurds on purely humanitarian grounds.

Yemen, the only Arab member, along with Cuba and Zimbabwe voted against the resolution last Friday which condemned Iraqi repression and calling for an end to it. China and the Soviet Union abstained. This was an indication of the obstacles facing the British initiative. A minimum of nine votes are needed for the adoption of a resolution in the 15-nation Security Council.

In an initial reaction, Mr Yuliy Vorontsov, the Soviet delegate, raised the sovereignty question, asking rhetorically what the Security Council might do if it were confronted in some other country – unaccountably, he picked Brazil – with a problem comparable to the Kurdish tragedy.

According to some UN authorities, the 1948 Convention on the Prevention and Punishment of the Crime of Genocide could be used in justification of stronger UN action to protect the Kurds.

Iraq has acceded to the convention which treats genocide, in peace or war, as a crime under international law which the signatories "undertake to prevent and punish."

A subsequent article provides that a party to the convention "may call upon the competent organs of the United Nations to take such action under the Charter of the United Nations as they consider appropriate for the prevention and suppression of acts of genocide".

Mr Pérez de Cuéllar said yesterday it would depend on the Security Council whether a possible breach of the convention justified the creation of what he termed "a kind of an enclave".

Intervention in a state's internal affairs is also sanctioned if the Security Council finds that a threat exists to international peace and security. The Council made such a determination in Friday's resolution on the Kurds.

It did not simply call or urge but demanded that Iraq "as a contribution to remove the threat to international peace and security in the region, immediately end this repression. . . to ensure that the human and political rights of all Iraqi citizens are respected".

EC leaders unite in response to Kurdish crisis

By David Buchan and David Gardner in Brussels

"THE Kurds saved the summit, so we had to try to save the Kurds," said a senior Commission official only half in jest after European Community leaders ended their Monday night summit in Luxembourg.

The belated realisation that the plight of the Kurdish refugees provided a unifying focal point to a summit whose broader original agenda, dealing with the external and internal implications of the Gulf war, was laden with potential discord.

As it was, the Community showed itself "swift, generous and determined" in its response to the Kurdish crisis, said Britain's prime minister, Mr John Major. His call for substantial aid and a haven inside Iraq for the Kurds were seized upon and endorsed by other EC leaders.

Doubts that they might in effect be calling for the dismemberment of Iraq were dispelled by the knowledge that the real decision on a UN-supervised enclave for the Kurds would be for the Security Council in New York, not the 12 meeting in Luxembourg.

EC officials started immediately yesterday to plan how to raise and spend the Ecu150m (£104m) of aid pledged to the Kurds. Two-thirds of this is to come from the EC budget, and the Commission, Parliament and the Council of Ministers are to try to rush through an emergency Ecu100m appropriation in the unheard of speed of two weeks. The remaining Ecu50m should come even more quickly out of national exchequers.

Demonstrating new-found institutional flexibility, the nine EC countries that belong to the Western European Union (WEU) defence organisation convened a brief – all of 15 minutes – meeting of the WEU and promised to co-ordinate military transport for the aid. A long-planned meeting of the chiefs of staff of WEU member countries in Paris today may carry this co-ordination further. The EC believes its aid, to be channelled through the UN High Commissioner for Refugees, should go to Kurdish refugees in Iran. The US is expected to focus on refugees in Turkey.

Although an informal EC summit, such as the Luxembourg conclave, has no formal concluding communiqué, Mr Major got nods of agreement when he asked his EC colleagues: "Should we say here and now that unless the amnesty [offered by President Saddam Hussein] is made permanent, we will insist in the United Nations on the maintenance of all sanctions on Iraq?" Some EC officials saw the mood of the summit as favouring keeping sanctions until President Saddam Hussein is removed, because only this would provide a credible guarantee that an amnesty would last.

However, a certain backpedalling could be detected on the question of a Kurdish enclave inside Iraq. By the time the summit ended, Mr Jacques Poos, foreign minister of Luxembourg which holds the EC presidency, was explaining that it was not necessary to envisage a single zone, but "several areas in which it was temporarily possible for humanitarian aid workers to enter, without dismantling Iraq". And the foreign minister of Belgium, which holds the UN Security Council presidency this month, was reassuring anxious socialist coalition partners back home that the EC was not contemplating military action to create the enclave. Only Mr Major hinted that the UN might endorse military action and that the enclave might encompass cities in northern Iraq.

Straying briefly on to wider Middle East issues, EC leaders decided that Mr Jacques Santer, the Luxembourg prime minister, and Mr Jacques Delors, president of the Commission, should take a two-pronged message to President Bush in Washington this week. First, the EC applauds the renewed US effort to broker peace between Israelis and Arabs. Second, when a wider peace conference becomes necessary, the Community wants to be fully involved, as much as the US or the Soviet Union; otherwise, Europe will not play its part in providing aid or security guarantees.

Major shows a turn of speed

By Alison Smith

THE proposal of Mr John Major, the UK prime minister, to create a safe haven for Kurds in northern Iraq, seems a tailor-made attempt to answer accusations of indecision which met his initial response to their plight.

The initiative accepted on Monday by the European Council was not a long-standing contingency strategy. It was an immediate reaction to a worsening problem and was in stark contrast to last week's announcement on humanitarian aid, which ministers emphasised came after weeks of planning on how to help the region.

So immediate was it, that the enclave idea was not discussed between Mr Major and Mr Douglas Hurd, the foreign secretary, before Mr Hurd begun his visit to China last week.

Instead, Mr Hurd has been kept in touch with events through telegrams. Mr Douglas Hogg, the Foreign Office minister, has deputised for him in the discussions, going with the prime minister to Monday's EC council meeting in Luxembourg.

The plan to create a safe area emerged finally only from a meeting between Mr Major, Mr Hogg and officials late Monday morning. The move was put in parallel to EC colleagues and the US so that no time might be lost in securing action.

Despite the rapidity of the decisions, it is already clear that the UK envisages something more than a token initiative. Mrs Lynda Chalker, the overseas development minister, said yesterday that: "There is an overriding requirement for us to try to get a safe haven – not as a long term, but as a temporary measure until things settle down and there is a change of government in Baghdad." That temporary measure, she said, could last for some years.

And Mr Hogg made it clear that the safe area would probably have to be quite large, since "it would require UN observers in quite substantial numbers and their presence would have to be underpinned either by actual physical force or the prospect of it".

Despite the recognition that force might be needed, the plan is seen by the government as a development of the humanitarian aid which Britain began to send last week, rather than an involvement in Iraq's internal affairs.

"We have, I think, the authority of the United Nations in the last resolution in order to ensure the safety of the Kurds and this is a method of devising that, delivering that," Mr Hogg said.

The UK seems convinced that whatever its rhetoric might be, Iraq will ultimately find itself with no option but to agree to the plan.

The webbing around relief supplies destined for Turkey is checked aboard an RAF Tristar at Brize Norton, England, yesterday

Fears for Kuwait oil reservoirs

By Mark Nicholson in Kuwait City

KUWAIT could be producing up to 80,000 barrels of oil a day – enough to meet its own needs – in a few months, Dr Rasheed al-Almeeri, the country's oil minister, said yesterday.

However, he said it would take much longer to resume full output of 2m barrels a day.

Dr al-Almeeri said he was very concerned about the threat of long-term damage to Kuwait's oil reservoirs from the 500 oil well fires. These were costing Kuwait $129m (£73m) a day in lost output.

He said the scale of damage to the reservoirs had not yet been assessed. But the fires would definitely affect them. Kuwait has reserves of about 94bn barrels of oil.

The reservoirs are threatened because the fires are depleting them far faster than during normal production, creating a near-vacuum underground which in some cases is sucking in salinated water to contaminate the oil.

The minister was speaking during a visit with Mr Peter Lilley, the British trade and industry minister, to an oil well in the al-Ahmadi oilfield, where a fire has been extinguished by Texan oil fire fighter Mr Red Adair.

The fire is only the second to be put out since Mr Adair and three other US companies embarked on the task of controlling the fires four weeks ago. A further 23 gushing wells, which the Iraqis had failed to ignite, have been capped.

Mr al-Almeeri admitted that progress had been slow but attributed this to the delay in getting equipment and huge quantities of water to the well fires.

The amount of hardware in evidence yesterday at the extinguished al-Ahmadi well gave some idea of the difficulties. Next to a vast lagoon of water sat six large earth-moving vehicles, five water tankers, two mobile cranes and dozens of off-road vehicles, all assembled for the task of putting out one of the smaller fires.

The work has been complicated, particularly in the oil fields south of Kuwait City, by the thousands of unexploded allied bombs littering the area, where there were extensive Iraqi defences during the war.

Mr Lilley and a group of British businessmen are on a three-day flag-waving visit aimed at bolstering the prospects for UK contractors in the rebuilding effort.

Mr Lilley, who met Sheikh Saad al-Sabah, the prime minister, and other ministers, said the Kuwaiti government was "very keen Britain should play a part in all aspects of Kuwait's reconstruction".

Logistical problems mount in efforts to save Kurdish lives

Relief workers' ingenuity faces an uphill struggle against bureaucracy

By John Murray Brown in Çukurca

MR CARL GAISER was yesterday searching the shops of Çukurca for plastic sheeting, for the thousands of Iraqi refugees now sleeping in the open on the Turkish-Iraqi border.

For all the publicity of this week's US and British airdrops, immediate relief for the estimated 280,000 refugees who have already fled Iraq, following the sudden collapse of the Kurdish rebellion, will probably depend on the ingenuity of relief workers such as Mr Gaiser.

The logistics remain considerable, particularly with Turkey sticking to its policy of confining the refugees to the border areas, where roads are narrow and often impassable as floods follow the melting of the snow.

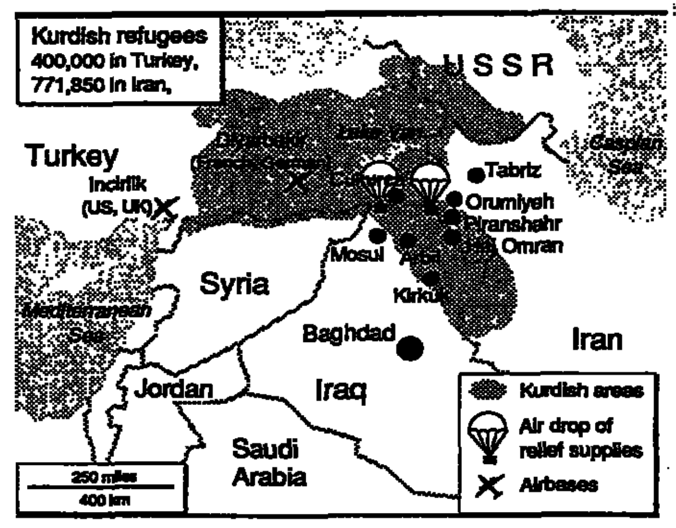
The United Nations has launched its appeal for Turkey but so far only 12 trucks have arrived, four days after leaving Ankara. UN officials confirm that stocks in Ankara are all but depleted – the provisions were delivered on the basis of earlier projections of aid for 20,000 refugees.

Mr Vehbi Dincerler, the minister of state in charge of the relief effort, yesterday criticised western governments for their slow response to the crisis.

As for the airdrop, poor visibility yesterday meant the pilots of the British Hercules were unable to pin point the drops.

With Turkey expecting another bumper harvest, local food procurement should be possible. Since Turkey's transport industry was so badly hit by the trade sanctions against Baghdad, it would be only too happy with the extra business.

Yesterday tents for a 1,500-bed field hospital, supplied by the Turkish health ministry were still on the road between Hakkari and Çukurca, five days out of Ankara.



The UK relief operation is already meeting difficulties. Customs officials at Diyarbakir, the provincial capital said the aircraft would take three days to clear. The assistance – tents and blankets – is now being shuttled overland from Ankara the capital. Yesterday, the embassy said it did not know where the trucks were.

The problems of supplying these remote points will no doubt harden the position of those backing the idea of creating a safe haven for the Kurds in in northern Iraq.

Mr Lionel Rosenblatt of Refugee International, a Washington-based lobby group, said there was a successful precedent for the British proposal of an enclave for the Kurds such as that created on the Thai-Cambodia border for refugees following the 1975 seizure of power in Cambodia by the Khmer Rouge.

However, he said it depended on securing the confidence of the Kurds.

At Çukurca yesterday Mr Gaiser, a health worker with the New York based International Rescue Committee, was trying to assess the needs of the estimated 40,000 camped in the mud, many still dressed in the office clothes they left in.

"I'm just doing my bit to help," said Mr Gaiser, pulling the tarpaulin off one of the 12 UN trucks which arrived here Sunday but which because of bureaucratic delays have still to be distributed.

From the mayor's office, supplies were being unloaded onto smaller vehicles to make the extra mile up the mud road to the camp at Border Gate 49.

Meanwhile, refugees who had sneaked past checkpoints, were milling round the telephone office trying to ring a cousin in Canada. Others were trying to persuade shopkeepers to take their Iraqi dinars.

Bush cautious on Kurd enclave plan

By Nancy Dunne in Washington

THE Bush Administration yesterday was publicly cautious about proposals to create sanctuaries for Kurds in Iraq and seemed anxious to find an approach which would not provoke further fighting.

Mr Marlin Fitzwater, the White House press spokesman, said the proposal to create an enclave was "being discussed."

He added: "There are problems with it too. They don't know how they'd do it in the north, for example."

However, Mr Dick Cheney, the defence secretary, while not referring specifically to the British proposal for an enclave for the Kurds, said yesterday that Iraq would have no choice about providing a buffer zone for the protection of refugees.

Iraq had been warned not to interfere with airborne relief efforts for Kurdish refugees, Mr Cheney said.

President George Bush, who hinted on Sunday that he would support the enclave by talking of extending UN peacekeeping activities to Iraq, yesterday refused to be drawn on the issue.

Outside the White House, a group of Kurdish demonstrators called on the President to muster worldwide support for their people and to act to overthrow President Saddam Hussein.

According to yesterday's Washington Post, State Department officials have decided that refugee sanctuaries should be established and operated by the United Nations. The US does not want to be seen taking the lead on the proposals.

Although the White House had sought to prevent the fragmentation of Iraq, they have begun to accept a temporary break-up as a means of undermining Saddam Hussein.

● Mr Cheney said yesterday that US troop strength in the Gulf was down to about 350,000, and that if US forces remained in the region it would be as a smaller, largely symbolic part of a peacekeeping force, Reuter adds from Washington.

"The president has made it clear we want to avoid a permanent, long-term US ground presence in the region," Mr Cheney said.

"It is conceivable that we would participate symbolically in some kind of peacekeeping force, but that is a separate proposition from having heavy brigades on the ground," he said.

The withdrawal of all US forces would not take place until the ceasefire was firmly in place, Mr Cheney said.

IMF, Egypt in $350m accord

By Tony Walker in Cairo

A top-level IMF team returned to Washington yesterday after reaching broad agreement with Egypt on a new $350m (£198m) standby loan and reform programme to be approved by the Fund's board before the end of May. This will open the way for further Paris Club rescheduling of about $10bn Egyptian debt, including arrears.

Under the accord, Egypt will liberalise its exchange and interest rate systems, raise energy prices, cut the budget deficit, and bring in a new sales tax.

The pact paves the way for forgiveness by western creditors of a large part of Egypt's $36bn foreign debt. Cairo wants more than half its official debt forgiven along the lines of a recent package with Poland.

Egypt's last IMF agreement, concluded in 1987, collapsed before the end of the year. But Fund officials are more hopeful this time, saying the new programme is accompanied by substantial World Bank and other aid to bolster Egypt's reform programme.

Buoyant exports lift South Korean economy

By John Ridding in Seoul

SOUTH Korea's economy is growing faster than expected, but inflation remains a concern and the trade account is heading for a record deficit in the first half of the year, Mr Choi Kak Kyu, deputy prime minister and minister for economic planning, said yesterday.

He forecast GNP growth of 8 per cent this year, compared with original projections of 7 per cent. He said buoyant exports and industrial production lay behind the revision.

The Economic Planning Board reported exports of $15.3bn in the first quarter, a 10.2 per cent rise on last year. Industrial output rose similarly in the first two months.

The current account, which moved into deficit in 1990 after several years of large surpluses, is forecast to reach a deficit of $4bn for the first six months of this year. Initial projections of a $3bn first half shortfall have been revised upwards as a result of surging imports of machinery and crude oil.

An EPB official said the widening deficit was not causing too much concern. "We need to import machinery to improve productivity and efficiency," he said, adding that the deficit would narrow in the second half as a result of stronger exports and lower oil imports.

But inflation continues to be a problem. Consumer prices rose by 4.9 per cent in the first quarter, almost half of the government's 10 per cent inflation target for the full year.

"The big jump in consumer prices is worrying the people and hindering control of wage increases," Mr Choi said in his report to Mr Roh Tae Woo, South Korea's president.

Mr Choi said the government remained committed to its inflation target and was taking steps to curb the rise in prices. These include tightening the money supply, freezing utility rates until the end of June, reducing inter-city phone charges and increasing imports of agricultural products in short supply.

Li trial judge 'misdirected jury', says QC

By Angus Foster in Hong Kong

THE judge in the trial of Mr Ronald Li, jailed former chairman of the Hong Kong stock exchange, misdirected the jury, an appeal hearing was told yesterday.

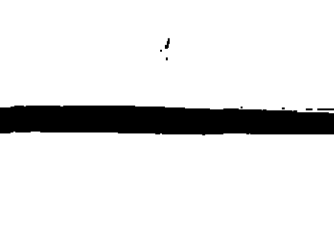
Mr Li was jailed for four years last October after being convicted of corruption. He was also ordered to pay costs and return HK$860,000 (£62,000) in share profits.

Mr Anthony Scrivener QC, counsel for Mr Li, said at the opening of Mr Li's appeal yesterday that the verdict may have been unsatisfactory because the trial judge failed to give proper direction to the jury. He said the prosecution's case had been narrowly drafted but was widened in the course of the trial and this may have confused the jury.

Mr Li is appealing against conviction and sentence on two charges of accepting shares as a reward for helping with, or not obstructing, the stock market listings of Cathay Pacific Airways and Novel Enterprises, a Hong Kong knitwear company, in 1986 and 1987 respectively. The appeal is being heard by three high court judges and is likely to last a week. A ruling is expected early next month.

Mr Scrivener said Mr Li was charged with accepting shares as a reward, which implied it was for his past help to merchant bankers when he was chairman of the stock exchange. But during the trial a wider concept of the shares being accepted as a "general sweetener", designed to keep Mr Li "sweet" in future, was introduced.

Mr Scrivener said the trial judge failed to give the jury proper direction that they should be satisfied the shares were a reward for past services. The judge also failed to adequately explain the concept of a reward, as opposed to a gift or loan, according to Mr Scrivener.



Li: jailed for corruption

De Klerk plan to end race classification

THE South African government published a draft law yesterday to end race classification, the basis of the 43-year apartheid system dividing ruling whites from the unenfranchised black majority, Reuter reports from Cape Town.

The six-line proposal, which is almost certain to be passed by the National Party-dominated parliament, implements the last of several sweeping reforms announced by President FW de Klerk on February 1 this year. It proposes repeal of 10 laws enforcing race classification at birth and amendments to four other laws to remove sections concerning racial definitions.

The Population Registration Act allocates everybody to one of 10 racial categories and has been used to split families, with parents and children forced to live in different areas.

The repeal bill adds, however, that while children born after its passage through parliament will not be classified by race, government can continue on the basis of existing racial divisions.

"Notwithstanding the repeal of the Population Registration Act, 1950, anything done in terms thereof shall. . . remain in force as if the repeal had not taken place," the bill says.

A government official said this section meant that segregated education and whites-only elections could continue until a new constitution is agreed and implemented.

Mr de Klerk has promised to negotiate South Africa's transition from white rule to democracy, including full political rights for blacks, who outnumber whites by five to one.

In February he also promised to repeal residential segregation and an end to land apartheid, which reserves 87 per cent of the country for white farmers. "The South African statute book will be devoid within months of the. . . cornerstones of apartheid."

Mr de Klerk's reforms enraged the white right, but western governments quickly signalled approval by promising to review anti-apartheid sanctions when all the changes had been put to parliament.

Japanese group wins contracts to supply Jaguar

By John Griffiths

NIPPONDENSO, the Japanese motor components group, has won contracts to supply car air-conditioning systems to both Jaguar and Rover Group even before its £65m plant to produce such systems has been completed at Telford, central England.

Mr Bill Hayden, Jaguar's chairman, disclosed yesterday that Nippondenso had beaten three rivals including Jaguar's owner, Ford, to secure the business.

Disclosure of the coup for Nippondenso International (UK), the UK subsidiary of Japan's largest components maker, coincided with an announcement by another Japanese components group that it was not proceeding with outline plans to set up a new plant at Crewe, in the north west.

Ogihara, a steel manufacturer regarded as a potential supplier of steel pressings to the Toyota car plant being constructed in Derbyshire, blamed the UK recession for not going ahead. The project, first unveiled in the middle of last year, had been expected to create 350 jobs. However, it remained unclear yesterday whether Ogihara was abandoning the project or looking for a site elsewhere.

While Jaguar would not discuss details of the Nippondenso contract yesterday, the Japanese company's systems are expected to be installed in the current XJ6 model's replacement, which is due to enter production in four to five years' time.

The decision will be unwelcome to Valeo of France, whose Delanair subsidiary supplies air conditioning systems to the current Jaguar range. Jaguar's current output of cars is relatively low – an expected 35,000 this year. But Jaguar hopes the smaller car range it plans to produce at the end of the 1990s will lift output to about 150,000 units a year.

Air conditioning is among the most complex of all car component systems, with high added value for its manufacturer. It is also widely considered to be one of the relatively few very high growth sectors for car components over the next few years, as its popularity in Europe spreads downwards from the luxury car sector.

Last year, when unveiling the Telford project – a joint venture in which Fiat's Magneti Marelli components company has a 25 per cent stake – Nippondenso forecast that rising European demand for air conditioning systems would allow Telford output to reach 400,000 units a year by 1995.

It also became known yesterday that the Telford plant's first contract is to supply air conditioning systems for the Rover 17/18 models – the Rover 800 executive cars' successors which are being launched in the autumn. Nippondenso is already supplying such systems from Japan, but will switch when Telford output comes on stream in the middle of next year. The plant is expected to employ 450 in full production.

Britain seeks better criminal record in world league

NEXT Monday is the start of the first UK national Crime Prevention Week, a high-profile bid by the government to mobilise the public, industry and other interests against crime.

Crime Prevention Week has plenty of raw material to work on. Last month's crime figures for England and Wales showed that offences recorded by the police increased by 17 per cent between 1989 and 1990 to a record 4.5m.

The reality is even worse. Most crimes are never reported to police. That applies particularly to vandalism, straightforward thefts and other incidents where the victim sees no hope of the offender's being caught.

To discover the true level of lawlessness, households have been interviewed on their experiences of crime for the British Crime Survey.

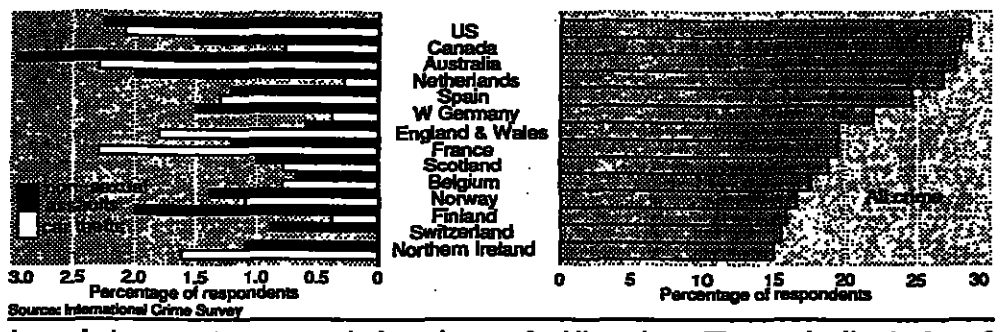
The results suggest that a remarkable three fifths of crimes are not reported and only a quarter of offences finish up in official police records.

Crime has, by any measurement, increased remorselessly since the 1950s – by an average 6 per cent a year in terms of offences recorded.

The figures take no account of the equally important financial cost of crime. It is estimated to cost industry between £5bn and £10bn a year – private-sector security alone cost £1.6bn in 1988-89. Insurance companies paid out more than £1m a day on thefts from homes last year.

Victims of crime

as percentage of population in 1988



Source: International Crime Survey

Chief constables believe some public concern about crime may reflect misunderstanding about the nature of offences and victims. Violent offences, which surveys show is the main area of public anxiety, constitute only 6 per cent of crime. Men aged under 30 are the most likely to be victims of violent assaults, with many incidents happening in or near public houses.

Women who live in fear of murder should, in statistical terms at least, keep careful watch on their nearest and dearest. Nearly half the 234 female homicide victims in 1989 were killed by husbands or other present and former partners, and another 17 per cent by parents or family members. Women knew their assailants in 76 per cent of assaults.

In international terms, Britain is middle-ranking in the crime league. The chances of being an assault victim are considerably lower than in most countries, while prospects of suffering a motor -vehicle theft are high.

In 28 per cent of burglaries in London last year the thieves just walked in. This type of opportunistic crime is the target of the government's "Together we'll crack it" crime prevention campaign, of which Crime Prevention Week is the latest element. It has generated neighbourhood watch schemes, crime-prevention panels, crime-reduction programmes and expenditure of £11.5m last year on combating crime.

Critics say many such of these ventures do more to amuse participants than make any serious impact on reducing crime, but the government is persisting as a way of maintaining to maintain public awareness of the issue. Ministers are looking to industry, architects and others to make everything from cars to housing estates more crime-proof.

Mr Kenneth Baker, the home secretary, has asked car industry representatives to discuss with him ways of improving vehicle security.

The motor industry says it is trying to improve vehicle security, but refuses to take all the blame. The Society of Motor Manufacturers and Traders points out that the same models of car are five times more likely to be broken into in Britain than in Germany.

Why? Social causes of crime became the subject of much debate with the growing consumerism and widening disparities of income and wealth that occurred under Mrs Margaret Thatcher's governments.

High crime rates are a common feature of areas of social deprivation. More broadly, some Home Office analysts believe property crimes tend to increase during recessions and decline when the economy improves.

One of the most striking social factors about crime is the age of offenders. The peak ages for offending are 15 to 18 for boys and 15 for girls. And once young offenders embark on a life of crime, prison does little to divert them. Half of all imprisoned offenders reconvict are convicted again within two years of release.

The government, in recognition of that, is trying in its Criminal Justice Bill now before parliament to reduce the use of custody for minor offences.

It still appears that locking up valuables is a more successful crime-revention strategy than locking up petty thieves.

Alan Pike

UK customs to track EC fraud and drugs

By Michael Cassell, Business Correspondent

Britain's Customs and Excise yesterday pledged itself to increase the effectiveness of its tax collecting activities and to step up its efforts to prevent and detect drug smuggling.

The proposals mean that the department will boost the numbers employed in Value Added Tax (VAT) and car tax collection by more than 500 over the next year to reach 12,589. Nearly 1,000 further jobs will be added by 1993-4.

Customs and Excise also intends to step up its efforts to tackle revenue fraud, both against the UK exchequer and the EC budget, which would include the Common Agriculture Policy fraud.

The number of full-time jobs in the Customs division will fall back slightly, however, to nearly 11,295 by the end of 1991-2 and to 10,619 by the end of 1993-4.

The changes in staffing levels form part of the department's three-year management plan published yesterday, formulated to see Customs and Excise through the completion of the European single market.

The period also covers the department's transition to executive agency status under the government's Next Steps initiative.

The initiative is intended to improve standards within those parts of the civil service which directly serve the public.

Customs and Excise has been given a budget for 1991-2 of £629.8m, an increase of nearly nine per cent on the previous twelve months.

In return, the department's 28,905 employees were expected to raise revenue of more than £62bn on behalf of the exchequer, a figure which will be considerably higher as a result of the taxation changes announced in the budget.

Sir Brian Unwin, the chairman of Customs and Excise said yesterday: "The budget proposals will have a significant impact on our work, especially in the VAT area where we have the first rate change for 12 years".

Customs and Excise will also be enforcing import and export prohibitions and restrictions. For example, on arms and ammunition, and implementing changes to the way its collects and controls VAT, excise duties and trade statistics on intra-community trade arising out of the single market.

Union leader deals blow to Labour's wage policy

By Michael Smith, Labour Correspondent

THE opposition Labour party's hopes of presenting a united front with trade unions on wage bargaining in the next election were dealt a severe blow yesterday when Mr Bill Jordan, AEU engineering union president, said there were significant problems with the party's plans for reform.

He said Labour and union leaders would have to spend considerable time on the plans before they could be presented as a credible policy.

Mr Jordan also outlined his union's opposition to controversial clauses on co-ordinated pay bargaining and a national minimum wage in a Trades Union Congress paper which unions are being asked to endorse today.

The stand by the AEU, one of Labour's strongest supporters, is the most significant indication yet of deep reservations among unions about the party's reform plans. It weakens the likelihood of unions being unable to agree a united policy on the issues.

Jordan: questions Labour party policy

The divisions will grow as the party develops more detailed policies. Wage bargaining is likely to be the most controversial issue at September's TUC congress, assuming it precedes an election.

The paper being presented to today's meeting of the TUC economic committee follows last year's congress decision to examine systems of co-ordinated bargaining, common in European countries.

The review was launched in spite of fears that co-ordinated bargaining could lead to a form of incomes policy of the type introduced by Labour in the late 1970s.

Telephone users protest at new tax charges

By Hugo Dixon

TELEPHONE users yesterday threatened not to pay their full telephone bills after it emerged that British Telecom, the UK network, was planning to overcharge customers about £60m through extra tax charges over the next three months.

Ms Vivienne Peters, executive secretary of the Telecommunications Users Association, which represents BT customers, said that she and her colleagues would be deducting the extra Value Added Tax (VAT) charges from their bills before paying BT.

Oftel, the telecommunications regulatory body, also called on BT to explain why it was charging the new VAT rate of 17.5 per cent on all bills issued after April 1, even if the calls were made before the new rate came into effect.

BT said that it would not be keeping any of the extra £60m for itself, but would be passing all of it on to the Exchequer. It said that it had been forced to charge the new rate of 17.5 per cent, which was announced in last month's budget, because Customs & Excise had not given it enough time to alter its computer programmes.

It said that, if it had not charged its customers the higher VAT rate, it would have lost the £60m itself - a sum which represents about a week of BT's pre-tax profits. While accepting that in principle it was wrong that customers were being charged the higher VAT rate on calls before April 1, BT is understood to feel that it should not be forced to pay for what it regards as a panic measure put in place by the Government to reduce the poll tax.

BT said that it had asked Customs & Excise for a six week extension before the new VAT rate was applied in which to reprogramme its computers, so that they could cope with applying the old rate of 15 per cent for calls made before April 1. The government refused this extension.

Ms Peters accused BT of being "very disloyal to their customers". She said the company had taken the easy way out and that once again the user was being "clobbered".

Ms Peters said that BT could protect customers from the extra VAT payments in a number of ways: either they could reprogramme their computers and send their bills out a little later; or they could charge a VAT rate which varied between 15 per cent and 17.5 per cent according to the proportion of calls made before April 1.

Rescued by the 'do nothing' department

Michael Cassell on a rare decision to give a government grant to a struggling company

THE "do nothing" Department of Trade and Industry, as it is labelled by its detractors, is not best known for helping to bail out with public funds ailing subsidiaries of large, successful businesses.

But the provision of a £2.9m grant to help rescue a manufacturing company in the north of England has effectively cocked a snook at its critics. Whether the wind of change in the highest levels of government, or mounting attacks on its alleged failure to support manufacturing industry are having an effect, remains unclear.

The grant, one of the largest recently provided by the DTI under its regional selective assistance scheme, has saved more than 700 manufacturing jobs at one of the three biggest employers in Rochdale, where unemployment is already over 11 per cent, creating new jobs in a company which appeared to have no long-term future.

The injection of funds into TBA Industrial Products, a wholly-owned subsidiary and an original part of T&N Group, the 120-year old international automotive components and engineering business, follows a short but intense campaign by the company and local MPs.

The decision has helped save a business which exports half its £35m annual turnover and contributes a net £15m a year to the country's balance of payments.

Mr Bob Bates, TBA managing director, said: "Companies facing the sort of problems we confronted can go downhill very rapidly. Now I am certain we have a bright and secure future. The workforce and the town is delighted".

Mr Bates took over last year, and found the business struggling to make minimal profits under the historical burden of high overhead, fixed costs – it operates from a 1m sq ft, former cotton mill – and facing a steady falling off in sales in its traditional markets.

Tighter controls on the use of asbestos, the core of its manufacturing operations, had proved a bombshell, said Mr Bates and the company's "scattergun" attempts to find new products and markets was failing. The process of corporate decline, which had reduced the workforce from a peak of 2,700, intensified.

Mr Bates immediately rebuilt his board, lopped 80 staff jobs and drew up a three-year investment plan, costing nearly £16m, aimed at modernising the premises and introducing new plant and equipment.

The company had already identified three principal market areas upon which it intended to concentrate, and now decided to focus on high-growth, niche markets within them. TBA manufactures industrial textiles - including a range of fireproof clothing and bullet-proof vests for the Army - industrial sealing products and a number of composite materials, some of which are used in heat shields by the automotive industry.

T&N operates rigid and demanding targets governing returns on investment and, given its susbidiary's performance, it was not prepared to advance all the required funds. The choice facing Mr Bates and his colleagues was stark: to find the additional cash elsewhere or watch the business fade away. There was, he insists, no bluff involved.

The company enlisted the help of Sir Cyril Smith, the Liberal Democrat MP for Rochdale and Mr Geoffrey Dickens, the Tory MP for the adjoining Littleborough and Saddleworth. Together, they sought an urgent meeting with Mr Edward Leigh, the industry minister.

A robust case for assistance was presented to the minister at the end of January and a decision to help, recommended by the Industrial Development Advisory Board, was confirmed by the DTI towards the end of March.

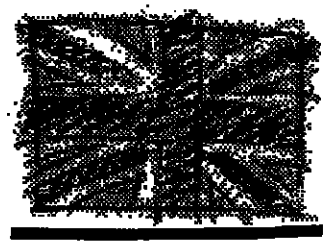
Announcing his decision, Mr Leigh said the company had long played an important part in the local economy and it was important that it should continue to do so. Others factors, it seemed, had outweighed the government's disinclination to intervene directly to help struggling businesses.

Sir Cyril says:"To think of Rochdale without TBA would be inconceivable. All of Rochdale's life, the company has been part of the fabric of our society. I am absolutely delighted that it is here to stay".

The company is now also seeking extra funds from the Rochdale Training and Enterprise Council and the European Social Fund to help introduce new training programmes. The DTI, which was warned last month by the House of Lords Committee on Science and Technology that Britain would end up without any significant manufacturing industry if market forces alone were allowed to determine the course of events, is happy to demonstrate that it can use its discretionary powers to protect existing jobs under the Industrial Development Act 1982.

Despite its philosophical reservations, the department emphasises it will spend £97m during the current financial year in regional selective assistance. It will rise to around £115m next year and the year after. The "Enterprise Department" can, when pushed, still come up with some cash.

BRITAIN IN BRIEF



Swedish poster censured

H&M Hennes, the Swedish-owned chain of fashion shops, has been rapped over the knuckles by the Advertising Standards Authority for one of its poster advertisements.

The advertisement, which featured a woman modelling lingerie with the slogan "Last time we ran an ad for Swedish lingerie 78 women complained. No men."; attracted 117 complaints. A number of the complaints came from men.

Some complainants questioned the accuracy of the ad. Others criticised it as "offensive". The ASA, the self-regulatory body which monitors public criticism of advertising, upheld the complaints.

The Hennes ad was only one of a number of advertisments criticised by the ASA in its latest report on the grounds that they were offensive or insensitive in their portrayal of women.

ATI records go missing

Computers containing records of Adventure Travel International have disappeared from the offices of the failed school tours operator, according to one of the company's receivers.

Mr Alan Marlor of accountants Ernst & Young, who was appointed to the West Yorkshire-based group last Friday, said: "We have advised the police that some of the company's computer equipment, primarily the main operating equipment, disappeared in the afternoon of last Wednesday [April 4]."

If ATI's booking records are missing, it may hamper Abta's efforts to discover what refunds are due to customers whose trips were cancelled.

Rail pay talks break down

Fears of another summer of commuter chaos have arisen after all three rail unions rejected a £124m pay offer.

BR offered a 6.5 per cent wage deal to 116,000 staff, but Mr Jimmy Knapp, general secretary of the Rail, Maritime and Transport Union, said: "Unless there is a significant improvement in the offer, the question of industrial action must be a possibility."

There was a series of one-day strikes in 1989 before BR agreed to an 11-month deal giving its workforce an increase of 9.3 per cent. BR said its offer struck a reasonable balance between its ability to pay in "unfavourable economic circumstances and the aspirations of its staff".

Belfast meeting looks to future

The timing and venues for talks on Northern Ireland's political future were discussed at a meeting of the Anglo-Irish conference in Belfast.

Mr Peter Brooke, the Northern Ireland Secretary, and Mr Gerry Collins, the Republic of Ireland's foreign affairs minister, were clearing the decks to enable inter-party talks to get under way within the next few weeks.

A final meeting is expected later this month to announce a formal suspension of the conference while negotiations take place.

Mr Collins and his colleagues raised concerns with Mr Brooke about the role of the Ulster Defence Regiment and recent loyalist killings of Roman Catholics.

Labour accused of distortion

Mr Chris Patten, Tory party chairman, accused the Labour opposition of exaggerating by hundreds of thousands the number of people sleeping rough in Britain.

Labour quoted a figure of half a million people in its local election leaflet.

Patten: disputes Labour's homeless figures

On the day before the main parties launch their local government election campaigns, Mr Patten urged Labour "to produce the evidence on which this extraordinary claim is based." He said voluntary organisations estimated between 2,000 and 3,000 people slept rough in London with up to the same number in all the rest of the country.

New road signs for motorway

New electronic road signs aimed at cutting congestion and reducing accidents will be installed on the M25 London orbital motorway, according to Mr Christopher Chope, the minister for roads and traffic.

The signs are able to flash up up written messages of up to 24 characters, warning motorists of hazards ahead and displaying speed restrictions.

Drivers will be able to choose alternative routes well in advance of an accident or contra-flow, helping to prevent traffic jams.

Recyling waste will cost £200m

The government's commitment to recycle a quarter of household waste in the UK by the end of the century will cost an additional £200m a year according to Mr John Barton, one of the government's own experts.

He estimated that it will cost each household an additional £9.60 which is likely to be passed on through the local authority rating system.

He warned that the high costs are likely to inhibit the introduction of high recovery recycling schemes if local authorities are expected to shoulder the full financial burden.

Mr Barton is head of the material recovery division of the Warren Spring's laboratory which is an agency operating under the government's deparment of trade and industry.

Ulster factory to modernise

Adria, the largest hosiery manufacturer in the UK, has announced a £14m modernisation. The company based, a wholly-owned subsidiary of Derbyshire-based Charnos, employs 925 at Strabane in Ulster, one of the UK's worst unemployment black spots.

PR companies form network

Ten public relations consultancies from different parts of the UK are joining forces to form the Proclaim Network.

The network, which will be run as a joint venture with a London co-ordinating office, includes companies with combined fee income of more than £3m and clients such as Vauxhall Motors, the subsisidary of General Motors, and KPMG Peat Marwick McLintock.

Conservation body launched

English Nature, which has the task of looking after England's countryside has been launched by Mr David Trippier, the environment minister.

English Nature, was created from the break-up of the Nature Conservancy Council, has a budget of £32.8m and a staff of 724.

'It will work alongside conservancy councils for Scotland, Wales and Northern Ireland on the Joint Nature Conservation Committee.

How Toyota filters its component suppliers

John Griffiths reports on the Japanese car maker's exhaustive search in the UK

Toyota, Japan's largest car maker, is in the very last stages of whittling down to 150, from 2,000, the would-be suppliers of prototype components to its £700m UK car plant now under construction in Derbyshire.

Toyota would be desperately vulnerable to any shortcomings in its parts suppliers. It buys in 75 per cent of the value of its cars, compared with only around one half for European vehicle makers.

Yet far from "importing" tried-and-trusted Japanese suppliers, Toyota insists that when all its Derby suppliers are disclosed they will include only a handful of Japanese companies. The vast majority, it says, will be based in the UK and continental Europe.

The disclosure by Lucas Industries on Monday that it is to supply prototype brakes, batteries and wiring harnesses to the Derby project provides yet further proof that Toyota is paying more than lip service to maximising "local" (EC, not just UK) content, insist Bryan Jackson, a Toyota Motor Manufacturing UK director, and Jim Robinson, its parts procurement manager who has overseen the selection process.

The point was underlined by managing director Yukihisa Hirano at a Welsh Development Agency conference last month when he talked of "misperceptions" about the so-called Japanese "transplants".

"Toyota has never asked any Japanese companies to set up in Europe," Hirano declared. "Among the companies from whom we have ordered prototype parts only a few are Japanese, and they were established in Europe before we made our decision to manufacture here."

The list has been drawn up on the basis that the companies' technological abilities, investments in research and development, plant, equipment and other resources are of a standard that should allow long-term partnerships to develop with Toyota.

And while Hirano stresses that "there is a great deal of work ahead," his senior management maintains that there appear to be no insuperable problems over quality standards or the prices Toyota is prepared to pay for its parts.

The prototype parts supply winners, who also stand to gain the overwhelming majority of full production orders for components when the assembly line at the 280-acre site starts rolling towards its 200,000 cars annually next year, will not formally be listed until two months' time. But they include British engineering group GKN, Pilkington Glass subsidiary Triplex, Pirelli, the Italian tyres and cables group which has a subsidiary at Burton-on-Trent, and instrumentation group VDO.

The process by which Toyota has arrived at its supplier list should be assimilated by any European supplier seeking a share of Japanese "transplant" business, which is expected to continue expanding in Europe throughout the next decade.

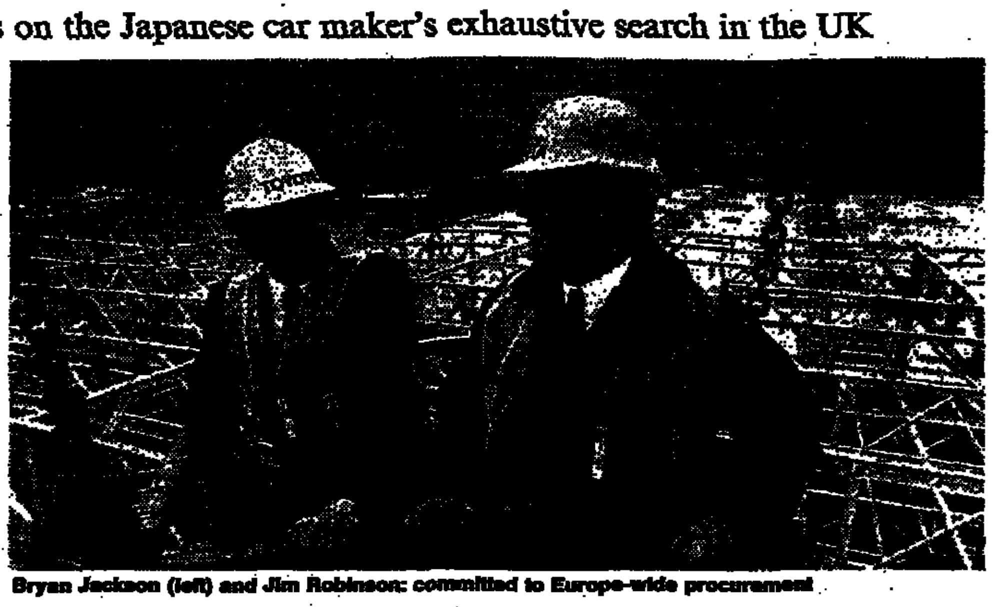
Even though the first car will not come off the line at Burnaston, Derbyshire, until December 1992, the selection process is already three years old. It began in early 1989, with Toyota's European administrative office in Brussels compiling initial data on 2,000 potential suppliers.

At this initial stage, "we had open doors", recalls Jackson. "Lots of companies came to talk to us off their own bat; some applied through contact with the SMMT (the UK's Society of Motor Manufacturers and Traders), some through chambers of commerce, and so on. There were too many to see individually so we checked their reputations, resources, customer bases, and so on, and there were some we could discard straight away."

A little closer scrutiny left Toyota quickly able to whittle down the number in which it was seriously interested to 400 – already fewer than half the number of direct suppliers to most European vehicle makers.

Even this partial selection process serves to highlight one of the key differences between Japanese and European component supply structures. In the former, few but large "first tier" suppliers account for more than 60 per cent of the total added-value of a vehicle, with thousands of small "second tier" companies supplying the big component companies like Nippondenso. In Europe the number of direct suppliers is greater and they are more highly specialised.

Both British-born Toyota men, with long backgrounds in the indigenous European industry, say that from what they have experienced of the thinking behind the Japanese system, it has clear-cut advantages over the old European ways. "It's rather difficult to have a relationship with 1,000 suppliers," observes Jackson. "It's much better to have fewer, who are more closely involved."



Bryan Jackson (left) and Jim Robinson: committed to Europe-wide procurement

Closer involvement in Toyota's case has meant short-listed companies being asked to quote for entire product groups, not individual components, "to give them a larger, more worthwhile chunk of the business," says Jackson.

At the 400-candidate stage, the selection process became much more painstaking. Over a period of 10 months a number of multi-disciplinary Toyota teams assessed capabilities according to four key criteria:

- management capability and attitude;
- production and manufacturing facilities, and level of investment in technology;
- quality control systems and philosophy;
- research and development capability.

This stage of weeding out reduced the 400 to 250, who were then asked to submit firm costs "to give us a feel for price competition". All were then deemed acceptable in terms of their potential to meet quality and price standards.

The first prototype parts orders were issued as far back as last October, and the stream of components is already flowing fast, with most expected to have been received by Toyota by the end of this month. The orders cover a sufficient breadth of components to take prototypes up to the 80 per cent "local" content, although this is not scheduled to be reached in terms of commercial production until early 1995. Toyota fully expects to hit the 60 per cent level within 6 months of start-up, however.

The awarding of prototype contracts means, if anything, an intensification of contacts between Toyota and its would-be production suppliers. Toyota is continuing to give a series of presentations to all of them to reinforce awareness of its expectations.

A total of eight such meetings have been held already, and another series will be held as the project moves from prototype stage to the awarding of production parts contracts. "It's a physical demonstration that being a supplier to Toyota is going to be different," stresses Jackson. "You start to change your mind set. One of our philosophies is to motivate – people are capable of doing much more than is usually required of them, and we ask them to demonstrate it."

The process, Robinson claims, is a two-way street, with Toyota not necessarily seeking to impose Japanese methods by diktat. As one small example, Japanese and European manufacturers differ in the way gearshifts are usually made. But, says Robinson, it is clearly not cost-effective for a European factory to throw away large investments already made, "so that supplier will be left to cope just as long as the product meets Toyota's standards."

Suppliers have been left in no doubt what those standards are – they are showered with *pro formas* which minutely detail what has been discussed and understood between supplier and vehicle maker.

For most suppliers, it was a wholly alien approach and many grumbled in the early stages that there was far too much paperwork. "But then they came to realise that this way every eventuality gets covered. No-one has to interpret anything, because it's all there in black and white."

Subsequently, says Jackson, "they have been very impressed by the thoroughness." Toyota is, as yet, reticent about claiming that widespread attitude changes might be taking place – "you can never be sure what goes on behind locked doors," says Jackson. "But some have been very enthusiastic about making the investments needed, and they seem to expect that Toyota will make a lot of demands, particularly about quality. The ones that I've seen are all getting very much caught up in the process."

The 1,850 unsuccessful would-be suppliers are being encouraged not to think they are permanently excluded. "We've had a lot of replies to our 'Dear John' letters at least thanking us for fairness and thoroughness of the selection process," says Robinson. Adds Jackson: "Those who failed have still got to be treated with respect. It is totally wrong for many of them to think we might have been saying they're not up to scratch – inherently within these organisations there is a lot of capability."

Nor should they think they are excluded from Toyota business for good, he stresses. A widespread belief that Japanese vehicle companies form links for life with suppliers on a single-sourcing basing is wholly erroneous, he declares.

As for long-term relationships, they required continually to be earned, Jackson stresses.

Throughout, Jackson emphasises Toyota's need for partnership with suppliers rather than the adversarial relationship between vehicle makers and their suppliers so common in Europe.

To that end, Toyota has set up technology "help" teams. "If a supplier has difficulty understanding what we want, or how to go about it, we really want to go out and explain our production systems to them. That might sound patronising but it's not intended to be ... the idea really is to give assistance rather than check on what's been done."

At a personal level, Jackson and Robinson acknowledge some – not severe – culture shock. Within the European industry, says Jackson, he was used to instant decisions, involving little detail. "It was 10 minutes to make the decision, 10 to implement it and three months to correct it. In Toyota there's three months' discussions, 10 minutes to approve it and no time correcting it."

There is, he says, a simple way to adjust – "you just hang your ego on the coathook with your coat".

Why quality links manufacturing and business strategy

By Simon Holberton

The table below shows what 500 of the world's top manufacturing companies believe to be the most important competitive priorities facing them in the next five years.

The data used to construct the table is a result of the three-way research project – called Factories of the Future and under way since 1988 – involving INSEAD, the Fontainebleau-based business school, Waseda University in Tokyo, and the University of Boston.

The European survey results have already been publicised *(see this page, 21 January)*. As was noted then, what is startling about this research is the dominance of phrases lifted from the literature of total quality management and the spin-off disciplines of just-in-time manufacturing and manufacturing production planning.

But what makes the combined survey relevant is, however, what it tells us about the subtle but important differences in manufacturing priorities throughout the industrialised world. This is especially so as far as comparisons with Japan, on the one hand, and the US and Europe, on the other, are concerned.

In the US, manufacturers place a greater importance on the ability to compete on price than do the Europeans. The latter are focused on quality and delivery to their customers. The largest differences are found when the Japanese are compared with the Occidentals.

The Japanese also place a strong emphasis on quality and quality-related issues, but they assign a much higher priority to their ability to make rapid design changes in highly customised products. The Japanese factory is being designed to build an ever changing stream of products.

The survey also underlined the growing importance of training and management development as an important catalyst in change. This is especially so in the US where, in answer to where money spent on improvement programmes would go, four out of the top five programmes were concerned with "people" management.

Over the next two years, US manufacturers think that the greatest advances in quality and cost will come from positioning their workforce to make a greater contribution to improvement (through training in statistical process control), and by breaking functional boundaries.

Japanese manufacturers are placing emphasis on the development and improvement of fundamental process technologies.

This supports the main thrust of their factory development which is directed toward factories which can make reliable, rapid design changes in customised products.

The 1992 single market is exerting a strong influence on European manufacturers; they are looking to restructure their organisations. The report notes that restructuring implies a simultaneous change in their culture, co-ordination techniques, and organisational design.

Despite the differences between the regions, an all embracing theme links them: the development of businesses in which manufacturing strategy is tightly linked with business strategy.

For copies of "Factories of the Future", write to Arnoud De Meyer at INSEAD, Boulevard de Constance, F-77350 Fontainebleau Cedex, France.

Competitive priorities in the next five years

EUROPE	JAPAN	UNITED STATES
Conformance quality	Reliable products	Conformance quality
Dependable delivery	Dependable delivery	Dependable delivery
Reliable products	Rapid design changes	Reliable products
High performance	Conformance quality	High performance
Fast delivery	Product customisation	Price competition

BUSINESS AND THE ENVIRONMENT

Chlorine takes a nosedive

Manufacturers of chlorine compounds have been affected more than any other sector of the chemicals industry by pressure from environmental campaigners.

The phase-out of chlorofluorocarbons (CFCs) is the most obvious sign of this, but the production of many other chlorine chemicals is declining fast.

Euro Chlor, the chlorine industry's trade association, says that European production fell by 4.6 per cent in 1990, from 9.72m tonnes to 9.28m tonnes. The decrease in the UK was 7 per cent.

Manufacturers say that the aggressive environmental campaign against chlorine – summed up by Greenpeace's slogan "Chlorine-free by '93" – is not justified as a whole. But they accept that there are some areas in which the use of chlorine chemicals should be discouraged.

Apart from CFCs, chlorinated solvents are the most important group of chemicals whose production and consumption the industry is working to reduce. They are recognised as being harmful to the atmosphere – contributing both to the greenhouse effect and to ozone depletion – and are toxic in large concentrations.

To help its customers use less chlorinated solvent, ICI, the UK chemicals giant, last week launched a solvents recovery and disposal scheme. ICI Chlor-Chemicals has on call a team of specialists who will collect used solvent for recycling or safe disposal – depending on how dirty it is – from customers anywhere in Britain.

Chlorinated solvents are used mainly as cleaning fluids by electronics, engineering and general manufacturing companies. They are also used in the high street for dry cleaning – many people smell traces of solvent when they pick up clothes from the cleaners.

"In the end we want to be in the position of 'lending' the solvent to the customer," says Bob Hunt, general manager of ICI Chlor-Chemicals.

CC

The way to make a clean break

Chemicals companies have been a prime source of pollution. But the industry is working hard to reduce waste at the production stage. In a third article on the environmental challenges facing European business, Clive Cookson looks at Ciba-Geigy's manufacturing operations

From the roof of Ciba-Geigy's production Building K90 in Basle the view clearly shows why the three big Swiss chemical companies have had to invest heavily in cleaning up their manufacturing operations.

Both banks of the Rhine are lined with chemical and pharmaceutical plants run by Ciba-Geigy, Sandoz and Roche. Fingers of chemical production stretch from the modern suburbs through 19th-century residential districts almost to the medieval city centre.

Thomas Jakopp, manager of Building K-90, points to the offices of the local newspaper, the Basler Zeitung, surrounded by Ciba-Geigy plants. "The reporter can get here before the fire brigade," he jokes.

"We're much more exposed to the public living around the plant than the big German companies, which almost have a *cordon sanitaire* around their plants," says Kaspar Eigenmann of the corporate safety and environment department.

Because the Basle chemicals industry is so visible to the local population, the growing green movement of the past decade has forced it to spend millions of Swiss francs on environmental protection. At the same time, countries further down the Rhine – France, Germany and the Netherlands – have put pressure on Switzerland to pump less effluent into the river.

The incident that brought these feelings to a head was a serious fire in Sandoz's Schweizerhalle chemical warehouse in 1986, which led to the discharge of 30 tonnes of toxic waste into the Rhine. But Ciba-Geigy has had to bear the brunt of the environmental spending, because it produces larger volumes of chemical waste than Sandoz or Roche.

Ciba-Geigy spent SFr273m (£108m) on environmental protection in the Basle area in the decade up to 1989 and plans to spend SFr261m over the five years 1990-95.

"In the past the chemical industry has focused on 'end-of-pipe' solutions. Now we're going increasingly for process optimisation," says Jakopp.

End-of-pipe solutions involve installing special equipment to deal with wastes emerging from a chemical plant – for example a biological treatment plant in which micro-organisms break down toxic compounds or an incinerator in which high temperatures destroy them. Process optimisation means altering the methods of production so that less waste comes out of the plant.

Occasionally chemists come up with a clean new reaction pathway. A recent case from Ciba-Geigy is a chemical known as an amide, which is required as an intermediate in pharmaceutical manufacturing. The original reaction used three tonnes of raw materials, including highly corrosive phosphorous trichloride, and 12 tonnes of water, to produce one tonne of product. Some 14 tonnes of effluent containing toxic materials had to be treated in a purification plant.

This has been replaced with an entirely new process using 1.9 tonnes of raw materials and no water; it produces one tonne of the same product, with 0.6 tonnes of pure acetic acid which can be recycled in other processes and just 0.3 tonnes of solid organic waste that can easily be incinerated.

Such a radical change is unusual. Normally, making chemical production more environmentally acceptable is an accumulation of many small improvements. Ciba-Geigy's Building K-90, which was constructed in the early 1960s to manufacture dyestuffs for the textile industry, offers several examples.

● The original 30-year-old reaction vessels are still in use but they are now monitored with the latest computer-controlled analytical instruments and not just by a worker judging the colour of the liquid by eye. This makes it easier to stop the reaction at the right point and reduce the amount of unwanted by-products.

● The old filter presses are being phased out and replaced with more efficient presses.

A Ciby-Geigy chemist adjusts the dyestuffs production process

The number of filtration steps – and therefore the flow of liquid waste – is reduced.

● Liquid spilled from the reaction vessel used to flow directly down the drain. Now the drains are plugged and the liquid stays on the factory floor until the staff responsible clear it up. The new system has reduced the number of spills tenfold, Jakopp says, "because if the worker has to stand around in his own spill, it gives him a real incentive not to do it".

In the case of some chemicals, Ciba-Geigy has been unable to change the production process enough to make it environmentally acceptable and economically viable. Jakopp says the company has taken about 40 dyes off the market for environmental reasons.

"We have to do a risk-benefit analysis on the product and allocate the environmental costs. properly to it," says Eigenmann. "If we want to adhere to our environmental goals and the product cannot be manufactured at a competitive price, we must either change the process or discontinue the product. With big-selling products you can afford to invest a lot of time and effort to make the changes."

As well as reducing liquid wastes, Ciba-Geigy is making a big effort to cut emissions into the air, particularly vapour from organic solvents. For example Building K-976, where optical brighteners for textiles are made, emitted 30 tonnes of

organic vapour per year into the atmosphere of Basle until 1988. Some of this was eliminated by streamlining the production process, but K-976 would still have failed to meet Switzerland's stringent new air pollution laws which take effect in 1992. So the company has just spent SFr4.5m installing a "catalytic oxidiser" – in effect a mini-chemical plant on top of the building which processes all air from K-976 and converts organic vapour into harmless water and carbon dioxide.

Ciba-Geigy tries to make its 90,000 employees take as much personal responsibility as possible for the company's environmental performance. This policy is enshrined in Vision 2000, an official statement of corporate goals which Ciba-Geigy adopted last year. It says that the company will give equal weight to its economic, social and environmental responsibilities: "Respect for the environment must be part of everything we do. We design products and processes to fulfil their purpose safely and with as little environmental impact as possible."

Within that broad remit, Ciba-Geigy's environmental policy is decentralised. Some other international chemical groups, such as ICI, set goals for overall performance but Ciba-Geigy leaves the target-setting to the managers of individual production sites.

The Basle management decided last year to bring the local goals home by issuing an Oekogenda (Eco-Agenda) to 250 production supervisors. This includes a series of cards covering the main environmental issues. Each card gives the 1991 goal for the works as a whole (for example a 4 per cent reduction in energy consumption and 20 per cent cut in emissions of organic solvents), for the department and for the individual supervisor.

However heroically individuals work towards their personal environmental goals, and however ingeniously the company improves its manufacturing processes to generate less waste, end-of-pipe solutions are still necessary to meet increasingly stringent regulations.

Basle's most ambitious project for treating chemical effluent is the Pro Rheno system, built jointly by the local authorities and chemical companies at a total cost of SFr630m during the late 1970s and early 1980s. It includes large-scale biological treatment facilities and an incinerator to destroy residual sludge.

But Ciba-Geigy has been fighting for four years to get permission to build an additional incinerator for the toxic waste it produces in Basle. Until now the SFr120m project has been blocked by local environmental campaigners who object to the idea of building a chemical incinerator in the city, but this year the company expects to be able to start building what Hans Kindler, a Ciba-Geigy executive director, calls "an essential part of the equipment for operating a chemical industry". The company says that incinerator would be entirely safe and that it is immoral to export toxic waste for disposal elsewhere.

Alex Krauer, Ciba-Geigy chairman, is clearly exasperated by some of the criticism and some of the environmentally inspired delays that the company suffers in its home city. Even so, he says that the relationship between Ciba-Geigy and the citizens of Basle "has improved after a critical period when we had the Schweizerhalle accident.

"Before that it seemed super*ficially* to be very good. Then we had the accident and we established a different, more open kind of relationship. We are more willing to talk to people who are critical of the chemical industry. I'm happy about what we have today, even if we have opponents and we are sometimes frustrated."

Previous articles in the series examined environmental audits and product design. Next week's page looks at marketing.

Nitrous acid gets last laugh

The chemicals industry is to make a co-operative effort to eliminate industrial emissions of nitrous oxide, a gas which contributes both to global warming and to destruction of the ozone layer in the upper atmosphere.

Earlier this year two scientists at the University of California at San Diego, Mark Thiemens and William Trogler, identified the manufacture of adipic acid – an essential ingredient in the production of nylon and other polymers – as a significant source of nitrous acid in the atmosphere.

They estimated that nylon production could be responsible for as much as 10 per cent of the annual increase in the atmospheric concentration of nitrous acid. Most nitrous acid comes from natural sources, such as the action of bacteria in the soil and oceans.

Nitrous acid is the third most important greenhouse gas and its atmospheric concentration has been rising since the Industrial Revolution. It is more commonly known as "laughing gas" through its use in high concentrations as an anaesthetic, particularly by dentists, and it also has applications in the food industry.

As soon as Thiemens and Trogler published their findings in Science, Du Pont, a leading US producer of adipic acid, announced plans to eliminate nitrous acid emissions within the next five years. "We got the answer out before most environmentalists had even asked the question," says Tony Vogelsberg, a Du Pont environmental manager.

Other manufacturers of adipic acid in the US and Europe, including ICI, Bayer and BASF, then said that they too would eliminate nitrous oxide emissions as quickly as possible. ICI emits about 250 tonnes a day of the gas from its Wilton plant on Teesside.

The manufacturers are now engaged in technical discussions to identify the best technology for doing so. Du Pont says that its process involves recycling some nitrous acid (by converting it to nitric acid) and burning off the remainder.

CC

ARTS

Der Freischütz

NEW YORK

Outside Germany, *Der Freischütz* seems an opera pretty well unstageable today. The last Met (1971) and City Opera (1981) attempts died in their first seasons; most of the various British productions have fared little better. The opera was once as internationally all-conquering as Paisiello's *Nina* or Mayr's *Medea in Corinto*. Unlike those works, it continues to enjoy a high reputation and frequent revivals – most of which flop.

Edward Dent, no respecter of received opinions, rightly said of Weber, in *The Rise of Romantic Opera*, that "he has hardly any sense of musical form. He can invent the most fascinating initial phrases, but he cannot balance them; his music tails off in interest just at the very moment where it ought to become more interesting. He tries to save the situation with a coda and a conventional high-note-effect . . . is quite incapable of planning a number."

It is odd that this composer whose career was spent in the theatre and who thought and wrote so cogently about operatic integrity should have been such a bungler. For those fascinating initial phrases and overwhelming moments (and for some long, lovely periods, especially in *Oberon*) – because his dramatic genius, stirring and irresistible, does flash out at times amid the prevailing dramatic ineptitude – we continue to revere and acclaim him. And try to revive his works.

New York's first *Freischütz* in a decade was given on Thursday in Carnegie Hall, in concert form, by Eve Queler and her Opera Orchestra of New York. Hildegard Behrens was the Agathe. The exposed writing exposes her Brünnhilde-bruised technique: the shortness of breath (some mid-word breaks), the double-declutching for register changes, the necessity to hold high notes at *forte* if they are to stay steady. Her singing is not easy, not flowing. But the timbre was pure, and often radiant, and her interpretation was moving. The spoken episodes (abridged dialogue was used) were eloquently spoken.

Max was Ben Heppner, the Canadian tenor whose Bacchus (in Melbourne), Walther von der Vogelweide (in Chicago), and Walther von Stolzing (in Milan and Seattle and at Covent Garden) have been praised in these columns. Once again, Miss Queler has been the first to bring an important new singer before the New York public. Mr. Heppner seems to me the *jugendlicher Heldentenor* of our day, with an easy, unpushed emission of beautiful, well-placed, lyrical tones and a very clear way with words. Sure, he was too loud much of the time, too seldom melting, but that seemed to be the result of an imagination insufficiently fired, not of any technical deficiency. The phrases flowed. There was little that a stiff dose of Tauber would not put right; the instincts were fine. Although his figure is unromantic, his features are potentially expressive; he need only be taught how to bear himself, how to move.

The Annchen was Jane Giering, an American soprano with a career in Germany making her American debut. She seemed little more than a lively, useful house soubrette. Hans Sotin was a strong Caspar. Richard Cross, the noble Moses of the City Opera's *Moses und Aron*, was luxury casting as Samiel; booming through loudspeakers, he was an invisible but imposing presence.

Andrew Porter

TELEVISION

Daydream to nightmare

Who would believe this: a television drama series with no policemen, no lawyers, and no murderers, but featuring a large family with both mother and father still present, living in the country but not worrying about the environment, wolfing down eggs and bacon for breakfast and not just one fatty goose but two for Sunday lunch, drinking like fish, exulting in their heterosexuality (how absurd can you get?), with Mum in the kitchen and Dad doing the heavy work outside, and not one of the six children subject to a care order or hospitalised for glue sniffing, but all of them happy as larks. What's more, the sun keeps on shining. Ludicrous, you say, either a joke or a very old production.

In one sense, of course, although the opening episode was transmitted on ITV on Sunday, it is old: H.E. Bates wrote *The Darling Buds Of May* in 1958 and, looking at this adaptation today, you realise that the three intervening decades have brought as much of a revolution in attitudes as would have taken three centuries earlier in our history. The laughing Larkins in their rural idyll have more in common with Falstaff than with a 1991 single parent mother living in a high-rise flat in Brixton, driving a van for Meals On Wheels and spending her weekends with the Women's Co-operative on the Animal Lib picket line.

You can imagine Bates' stories modernised or even sent up, but producer Robert Banks Stewart and director Rodney Bennett are playing it straight. Consequently the whole thing reeks of nostalgia. It is not simply that David Jason plays Pop as the sort of cunning yeoman who can be found throughout the history of English fiction, or that Catherine Zeta Jones as the eldest daughter, Mariette, is allowed to parade her beautiful face and well filled jodhpurs in an unfashionable way that will enrage feminists and reduce male viewers to breathlessness. It is the attitudes. "We're all right Ma, aren't we?" says Pop, "Got nothing to worry about". Such contentment sounds positively Chaucerian in these neurotic days.

Yet my guess is that this series will prove immensely popular. Whereas *Twin Peaks*, which we are forever being told is a "cult" series, began on BBC2 with an audience of 5.5m which has declined steadily to 2.5m, it will be no surprise if *The Darling Buds Of May* begins with 10.5m and climbs. As many viewers as ever look to television drama to be taken out of themselves, entertained, and made to smile, and however syrupy, sentimental, and unrealistic this series may be, it is capable of doing all that.

It turned up, of course, during a weekend which was unusually rich in new drama, and indeed in the midst of a whole week of new material. *Prime Suspect* which arrived on ITV only minutes after Episode 1 of *Darling Buds* had finished, could hardly have been more different; we were switched from rustic daydream to urban nightmare. Here we were back in television's familiar milieu of bent coppers, prostitutes and murderers, with that special frisson that comes from a writer such as Lynda La Plante who seems as concerned to express her hatred of men and her worship of women as she is to entertain.

We know from *Widows* that La Plante has the skills to create plot with the sort of activity and excitement which made *The Sweeney* and *Hill Street Blues* so successful, and there were certainly moments in *Prime Suspect*, especially during the second part on Monday, when those skills were usefully exercised. It may not have been La Plante's fault that there were also longuers (for instance a sequence where it looked as though producer Don Leaver had told director Christopher Menaul "You must spend more money, hire a helicopter, do a few lyrical shots of a seaside pier in the rain, however irrelevant, but get rid of some cash"). Almost certainly these resulted from ITV's growing obsession with the 2-hour drama slot which *Inspector Morse* has proved can be such a ratings success.

Helen Mirren gave yet another marvellously detailed and intense performance as Detective Chief Inspector Tennison, the woman who had to fight male chauvinism *and* plan a dinner party while single-handedly solving six serial murders. There was little if anything to choose between the murderer, who hung his victims from the ceiling by handcuffs and then somehow managed to get semen in their ears, and the policemen who drank, whored, lied, conspired, told dirty jokes and my dear can you imagine went to a boxing match.

Before Episode 1 of *Prime Suspect* was over BBC2 was well into the last of its present run of "Screen Two" dramas: *Aimée*, written by Guy Hibbert. This was the story of Frank who sold his record company for £6.5m, killed his sweet white-haired mother as she lay in bed smiling at Handel's "Messiah" in the old folks home, and then, having been received in a spirit of charity into the vicarage while released from prison on bail, went to bed with the vicar's wife. And we ended up not just on his side, but feeling that life had given him a pretty raw deal. Only later did you wonder whether Hibbert had tricked you into this reaction by telling you far too little about his grim faced Clint Eastwood of the cathedral close.

The previous night had brought a "4 Play" production called *Finding Sarah*, written by Julia Kearsley. No buttercup meadows, nightingales, or gentle flirtation here, either, but the story of Carol whose adoptive parents didn't want her to find her natural mother and whose husband, Barry, talked pure 1991: "I see your window frames are hardwood. They cut down the rain forests to make those". This could easily have turned into another of those gritty and intense television dramas which are increasingly indistinguishable from all those gritty and intense television documentaries, but it was saved by a splendid performance from Polly James as Carol's batty old mum. Against the run of the play it ended up as a rather heartening story.

The week had begun with two new series, both about lawyers (but of course). *Kinsey*, by Peter Gibbs on BBC2, was much the most promising, using its first episode to set up a tantalising situation with our hero – played by Leigh Lawson – cleaned out by his absconding partner and saddled with a hated smoothiechops rival as business chaperon. *The Advocates* on ITV, which clashes with *Kinsey*, made its feelings about the audience clear in its opening sequence which intercut pictures of the young lawyer's (female, naturally) graduation party with a big close-up of a hypodermic needle being rammed into a vein, a sight which everybody knows is loathed by a large part of the population.

For far too much of its 60 minutes *The Advocates* looked like one of those aversion therapy filmlets made for schools, in which the rain-streaked exteriors of high rise flats alternate with pictures of gaunt teenagers winding leather belts round their upper arms. The rest looked like a desperate attempt by the Scots to teach the English about the differences in their legal system. Many viewers will not regard this as entertainment.

When Shakespeare wrote parts for grave diggers or court jesters he was not merely making work for certain members of his companies: he knew that the groundlings would take just so much of the heavy stuff before they needed light relief. Today's television audiences are no different, but too many television producers have forgotten the old rules. You do not have to go all the way to the Panglossian "Hallo birds, hallo trees, all's for the best" tone of *The Darling Buds Of May* in order to ensure that television drama is a lot more attractive to us down here in the pit.

Christopher Dunkley

Bryan Pringle and Helen Mirren in 'Prime Suspect'

Carmen Jones

OLD VIC THEATRE

It has taken nearly half a century for Oscar Hammerstein II's version of *Carmen* to reach the London stage. Now that it has arrived, *Carmen Jones* would be worth seeing out of curiosity alone, though there are other reasons. The Old Vic is a splendid place to do it. The stage is big enough to take it: the theatre is not unlike an opera house; the whole piece is played with zest and it was good to hear mounting rounds of applause as the show went on.

Yet there are reservations. The first, and most serious, is the sentimentality. The original Carmen is born out of passion: she is wild and unpredictable. Although Bizet's score remains entirely recognisable, Carmen Jones is born out of an American musical. Some of the rawness, the excitement, the gipsy-like nature has gone. Carmen Jones is an American girl at heart, not a farouche southern European. At times, one could compare the show unfavourably with *West Side Story*. It is altogether too restrained.

Setting the piece in the the Second World War does not help. Whatever else the bit parts in the original *Carmen* were doing, they not supporting the American war effort. It may have seemed different in 1943 when *Carmen Jones* began its rehearsals, but today a scene with a lot of black American children backing the war is more than a little embarrassing: not because they wouldn't, but because the war has nothing to do with the plot.

The second half is quite different from the first: shorter, more dramatic and, if you like, more operatic. The sentimentality has diminished and the music begins to take over. Once Carmen has seen the fatal card, there is no turning back. The end, when she is stabbed to death, comes almost too abruptly. The reservation is that one wonders slightly how that fits with the slower earlier scenes – not a criticism to be made of the original.

Let me not carp, however. There are delights along the way. The very idea of turning *Carmen* into a show about an American prize fighter and his girl is a pleasure in itself. The fighter, Husky Miller, is strikingly played by Gregg Baker, who a good six inches taller than anyone else, always immaculately dressed in a three-piece suit and, before his big fight, a white fur overcoat as well. Karen Parks takes the singing prize for her performance as Cindy Lou, the girl who loses her man to Carmen. She also looks good in her simple blue country clothes.

The problem with Wilhelmenia Fernandez's Carmen is that she is not quite as demonic as she might be. I suspect that the fault lies with Hammerstein. His vision of America is far too nice to let passions get carried away. The direction is by Simon Callow: he catches the 1940s very well.

Malcolm Rutherford

Alastair Muir

Wilhelmenia Fernandez

Bireli Lagrene

QUEEN ELIZABETH HALL

The "infant Django" made his first public appearance at the age of four, recorded *Routes to Django* at 13, toured with Stephane Grappelli at 14 and recorded a second album the next year, *Bireli 15*. He played alongside Paco de Lucia and John McLaughlin while still in his teens and has toured as part of the Super Guitar Trio alongside Larry Coryell and Al di Meola. He is not yet 25 years old. Usually described as the "natural inheritor of the music of Django Reinhardt", he is a Sinta gypsy, born and bred in a caravan in Alsace, across the border from Reinhardt's birthplace. He is an extraordinary guitarist, a genuine child prodigy "steeped", as they say, in the Reinhardt legacy.

However, if you expected the Queen Elizabeth Hall to be transformed into the Hot Club of France at the end of last week, you would have been disappointed. Had this been a smoky pub and had Lagrene been jamming demoniacally with the plodding house bass and drums it would have been more fun. But in the crowded QEH the smiles which greeted his opening solo improvisation faded as the natural gypsy talent became overwhelmed by the insensitivity of his accompanists. Worse, Lagrene didn't seem to care that his speedy, spiky sound was being tripped and blunted by the crunching rock drums and languorous bass of his equally young sidemen, not to mention the weedy efforts of the soundman, mysteriously placed to the side of the stage.

It was of course possible to discern the obvious Django-esque influences and at high speed, which is cruising for Lagrene, Joe Pass also appears in the craft melody picking. Less comfortable at ballad pace, he still manages to recall Wes Montgomery on occasion. But by and large, he is his own man, chasing up and down the length of the fret board, fingering impossibly and horizontally; slashing chords and intricately chipping notes from the semi-acoustic without once watching his fingers. As Chick Berry would have it, he plays the guitar like ringing a bell.

But judging from rumblings in the audience, a large number of whom like he and his drummer wore ponytails, the performance was not representative enough of his Blue Note recordings, *Foreign Affairs* (1988) and most recently, *Acoustic Moments*. It is plain that he is an exceptionally gifted and exciting musician. What a shame we weren't hearing him loud and clear enough.

Garry Booth

Stephen Petronio

QUEEN ELIZABETH HALL

An evening with the Stephen Petronio company is rather like living through an air raid or a street riot. There is incessant din, a general sense of something ferocious going on, and sudden blessed moments of peace. In retrospect, the sections of relative calm in Petronio's programme on Monday night seem so idyllic that they are like a golden age. What surrounds them is din, aural and physical, an undifferentiated racket and a frenetic display of energy.

Petronio is an apostle of chaos, part of that late-80s generation that advocated hyperactivity as a creative manner. His big group dance works look as if he has set out to mug Merce Cunningham, and has handsomely succeeded as Cunningham's cool procedures are galvanised by a swift kick in any vulnerable spot, and hotted up to fever pitch. It is speedway mayhem applied to the dance, with, instead of the roar and crash of motors, the hell-racket of hard rock to extend the assault on our senses.

The intellectual or dynamic purpose behind these longer works (and ah! how much longer they seem than anything ever before) is hard to discern. Petronio and his six colleagues rampage, fatuously clothed, harried by the mindless beat of their scores, and I find that nothing emerges save the feeling of being trapped by a horrendous bore. What *Middlesex Gorge* or *Simulacrum Reels* mean as titles or as dance, is unguessable. I suppose that for a generation devoted to noise – and Petronio makes one know what it might be like to be imprisoned inside a Walkman – there is some emotional response to unremitting harsh movement, but for anyone seeking something less visceral, the rewards of the evening are few.

These are concerned with the presence of Michael Clark as guest with the company, and with Petronio's own dancing. In a duet that introduces *Simulacrum Reels*, the pair's shaven heads help make them seem like identical twins, as movement is exchanged between them and a mysterious equality of psychic and physical response is established. In his hypnotic solo *Number 3*, Petronio is rooted to the spot while his arms twist and contort through a flurry of gestures and signs. And in a brief irruption into *Middlesex Gorge*, Clark reveals yet again that he is a staggeringly gifted dancer, his movement quick, clear, true, sharp in accent and outline, ravishing in phrase and linear boldness. He makes the frenzies of the rest of the evening seem even less valid, and very rightly keeps himself apart from them.

Clement Crisp

Cat With Green Violin

ORANGE TREE THEATRE, RICHMOND

Louis Wain was a Victorian illustrator of some success whose abiding obsession was cats: he lived, breathed and was eventually swallowed up by them. Even those who do not know his name will probably recognise the mawkish moggies that peer with saucer eyes from smiling faces or desport themselves with anthropomorphic athleticism at tennis or golf. His story is an archetypal one of dwindling popularity and mounting penury: he lived in Westgate on Sea with five sisters and a streak of eccentricity that broadened with age into full-blown dementia. His final misfortune was to be best-known for a sequence of drawings – from figurative to abstract – which were adopted as a textbook illustration of schizophrenic decline.

It is part of Jane Coles' case that the drawings showed no such progression, but that their true chronology was denied by ambitious medics. Wain was the son of a carpet salesman, so it makes sense that his work was influenced from his earliest days by the non-figurative designs of the oriental rugs that would pass through the family home. When his oldest and staunchest sister tried to point this fact out, she was contemptuously brushed aside.

The Wain household certainly has the makings of first-rate drama, with its eccentric imagery pointing up themes of biological tragedy, artistic ambition and domestic tyranny. Wain was not the only sibling to have been brought up by their French mother with artistic ambition. Claire drew, Caroline played the piano and Felicie wrote copious stories. But, being women, their creativity was smothered: Claire's drawings were all of the family living-room, Caroline only played her brother's compositions and Felicie's stories were scorned as the scribblings of a frustrated spinster.

The trouble with Coles' portrayal of this bizarre household is that she fails to leap in any particular direction, choosing to hedge her bets by adopting a more-or-less linear biographical narrative. So, in an early scene, we are shown Wain senior unfurling an oriental rug, but it is not until the final episode in a lunatic asylum that the connection is made with Louis' artistic abstraction. The imagery is not allowed a life of its own, probably because Coles is reluctant to make her play over entirely to Wain's imagination – there is too much of interest in the plight of his sisters, who are catty merely by association.

Director Auriol Smith must share the blame for the lack of focus, although she marshalls a competent cast into an effective evocation of Victorian parlour claustrophobia. Simon Treves, clear-eyed and fervid, is poignantly set off by Wain's sisters, notably the matronly and maligned Maggie McCarthy, the quietly mournful Vivien Heilbron and the luminous hysteric of Caroline Gruber as Marie, ominously portending Louis' own decline.

Claire Armitstead

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Vernon Handley conducts Netherlands Philharmonic Orchestra in music by Rakhmaninov and Bliss, with Kathryn Stott soloist in Chopin's Second Piano Concerto, also Fri and Sun. Tomorrow: Herbert Blomstedt conducts Nielsen with Concertgebouw Orchestra (6718 345)

■ BERLIN

Staatsoper unter den Linden 19.30 Spartacus choreographed by Laszlo Seregi, music by Khachaturian (2004 762)
Komische Oper 19.30 Tom Schilling's production of The Taming of the Shrew. Sat and Sun: Cinderella (2292 555)
Deutsche Oper 19.30 Spiros Argiris conducts concert performance of I Puritani with a cast led by Lucia Aliberti and Piero Cappuccilli. Fri: Sinopoli conducts Otello. Sat: Jose van Dam sings Winterreise. (3410 249)

■ BOLOGNA

Teatro Communale 20.20 Ruggero Raimondi sings title role in Hugo de Ana's production of Mose conducted by Daniele Gatti, also Sat. Fri: Julliard Quartet plays string quartets by Schubert, Mozart and Ravel (529999)

■ BONN

Oper 20.00 Vaclav Neumann conducts The Bartered Bride, also Sun. Fri and next Tues: Marco Arturo Marelli's production of Falstaff, with Juan Pons in title role (773667)

■ CHICAGO

Orchestra Hall 20.00 Georg Solti conducts world premiere of Michael Tippett's Byzantium, with Jessye Norman and the Chicago Symphony Orchestra. The concert, which also includes Beethoven's Third Symphony, is repeated tomorrow in Chicago and at Carnegie Hall in New York on Mon and Thurs next week. On Fri, Solti conducts concert performance of Otello, with Luciano Pavarotti in title role (435 6666)

■ DRESDEN

Semperoper 19.30 Hans Zimmer conducts Joachim Herz's production of Janacek's Osud, with Michael Rabsilber as Zivny. Tomorrow and Fri in the Kulturpalast: Bernard Haitink conducts Dresden Staatskapelle in Schubert's Third Symphony and Bruckner's Seventh (4842 731)
A week-long festival celebrating the 750th anniversary of the Dresden Kreuzchor opens tonight at 19.30 with a concert at the Kongress-Saal des Hygiene Museums involving three of the city's leading choirs. Tomorrow: gala concert in the Semperoper. Fri: concert in the Kreuzkirche with works by Schutz, Mendelssohn and others. There are three events on Sat at 19.30: a recital by Theo Adam in the Blockhaus, a chamber music concert conducted by Udo Zimmermann in the Zentrum fur zeitgenossische Musik, and an orchestral and choral concert in the Kulturpalast with the Dresden Philharmonic conducted by Christfried Gockeritz. Next Tues and Wed, there are performances of Bach's B minor Mass in the Kreuzkirche

■ HAMBURG

Staatsoper 19.00 Die Zauberflöte with Barbara Bonney as Pamina and Robert Gambill as Tamino, also Sat. Tomorrow: Zar und Zimmermann. Fri: Yoko Watanabe sings Madama Butterfly (351555)
Deutsches Schauspielhaus 19.30 Michael Bogdanov's production of The Tempest, also tomorrow. Sat and Sun: Romeo and Juliet (248713)

■ LONDON

DANCE
Covent Garden 19.30 Royal Ballet triple bill, with Balanchine's Agon, Ashton's A Month in the Country and MacMillan's Requiem. Also Fri (240 1066)
MUSIC
Coliseum 19.00 Jerzy Maksymiuk conducts Jonathan Miller's production of Don Giovanni, with Peter Coleman-Wright in title role, Jane Eaglen as Donna Anna and Margaret Marshall as Donna Elvira, also Fri. Tomorrow and Sat: Salome (836 3161)
Queen Elizabeth Hall 19.45 Ivan Fischer conducts Orchestra of Age of Enlightenment in Beethoven's Violin Concerto, soloist Monica Huggett, and complete Egmont music, with Simon Callow narrator. Tomorrow: recital by Cecilia Bartoli. (928 8800)
THEATRE
This week's shows include Bill Alexander's RSC production of Much Ado About Nothing (Barbican), Alan Bennett's stage adaptation of The Wind in the Willows directed by Nicholas Hytner (National), Invisible Friends, Alan Ayckbourn's play for all the family (National) and the acclaimed RSC/Opera North production of Show Boat (London Palladium). Phone Theatreline: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ NEW YORK

MUSIC
Avery Fisher Hall 20.00 Isaac Stern is soloist with Julliard Orchestra. Tomorrow, Fri, Sat: Neeme Jarvi conducts New York Philharmonic (874 2424)
Carnegie Hall 20.00 Alicia de Larrocha plays Mozart and Granados (247 7800)
Metropolitan Opera 20.00 I Puritani, also Sat. Tomorrow: La Clemenza di Tito. Fri: Luisa Miller (362 6000)
THEATRE
This week's shows include A Room of One's Own, with Eileen Atkins as Virginia Woolf in an adaptation by Patrick Garland of her book calling on women to declare their independence, talent and freedom to control their own destinies (Lamb's Theater), The Maids, all-male production of Jean Genet's modern classic about two sisters who try to escape their lowly position in life through a deadly game of make-believe (House of Candles), The Fantasticks, ever-popular musical fable (Sullivan Street) and Larry Gelbart's City of Angels, a combination of musical comedy and thriller (Virginia). Ticketron (246 0102) answers inquiries and sells tickets

■ PARIS

Palais Garnier 19.30 Opéra Ballet in Nijinska/Nijinsky programme, with music by Poulenc, Stravinsky and Debussy. Runs till Sat (4742 5371)

TMP-Châtelet 19.00 Piano recital by Boris Berezovsky, Tchaikovsky prizewinner. Tomorrow: Brahms piano trios with Ashkenazy, Perlman, Harrell (4028 2840)

Salle Pleyel 20.30 Stanislaw Skrowaczewski conducts Orchestre de Paris in Bruckner's Third Symphony and Berg's Violin Concerto, with Augustin Dumay, also tomorrow. Fri: the Berg is replaced by Mozart's Piano Concerto No 24, with Dmitri Bashkirov (4563 0796)

■ STOCKHOLM

Royal Opera 19.30 Dominick Argento's opera The Aspern Papers, also Sat. Tomorrow: Tosca. Fri: Les contes d'Hoffmann (248240)

Konserthuset 19.30 David Zinman conducts Stockholm Philharmonic Orchestra in Lutoslawski's Concerto for Orchestra and Tchaikovsky's Sixth Symphony, also tomorrow (244130)

■ STRASBOURG

Palais des Congres 20.30 Marc Soustrot conducts Strasbourg Philharmonic Orchestra in Borodin's In the Steppes of Central Asia, Ravel's complete Daphnis et Chloe and Prokofiev's First Violin Concerto, with Amiram Ganz. Repeated tomorrow (8837 6777). Fri and Sun in the Théâtre Municipal: Martinu's Greek Passion (8875 4823)

■ UTRECHT

Vredenburg 20.15 Ton Koopman conducts Mozart symphonies with tra in Chopin and Rachmaninov, with Kathryn Stott, piano. Sat: Blues festival. (314544)

■ VIENNA

Staatsoper 19.00 Pinchas Steinberg conducts Cav and Pag with Carlo Cossutta as Canio. Tomorrow: Jenufa. Fri: Ariadne auf Naxos (51444 2960)
Konzerthaus 19.30 Ingrid Haebler gives a Mozart recital. (7124 6860)

■ ZURICH

Opernhaus 19.30 Four ballets by Uwe Scholz, with music by Stravinsky and Carlos Chavez. Tomorrow: Der Zigeunerbaron. Fri and Sun: Yevgeny Onegin. Sat: premiere of new ballets by Scholz and Pierre Wyss (251 0909)
Tonhalle 20.15 Marek Janowski conducts Tonhalle Orchestra in Shostakovich's Tenth Symphony, with Frank Peter Zimmermann soloist in Prokofiev's First Violin Concerto, also tomorrow (201 1580)

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Wednesday April 10 1991

The aftermath of unity

THE LARGE-SCALE social and economic difficulties coming to the surface in east Germany represent perhaps the least surprising aspect of German unification. It has always been evident that quickly transforming the system east of the Elbe from communism into capitalism would incur great costs as well as eventually generating great benefits.

Reflecting a combination of look-on-the-bright-side economic *naiveté* and pre-election vote-trawling, Chancellor Helmut Kohl erred in not earlier realising the risks, and spelling them out. He now correctly defines the undertaking as an unprecedented experiment. Yet it is not too late to make up lost ground. Mr Kohl's decision to introduce the D-Mark across the Elbe on July 1 last year brought east Germans long-desired access to western consumerism – and simultaneously exposed them, without preparation and almost without warning, to the forces of international economic competition. That decision, barely defensible on economic grounds, was deemed politically necessary to secure the momentum towards unification and prevent a further haemorrhage of east Germans to the west.

In any case, the rapid break up of the structure of the east German economy means that the move is irreversible. Bonn has to weather the consequences in a way which maximises the long-term advantages, and minimises the dislocation in both east and west. There are three sets of challenges.

Efficient restructuring

First, the government must devise more efficient and flexible methods of using west Germany's considerable resources to aid east German restructuring. Interventionist and market-oriented policies will have to be interwoven. After deciding to increase taxes and disburse some DM100bn (£33.4bn) in public sector aid from west to east Germany this year, the government needs to improve the administrative channels through which the funds are disbursed. Priority must be given, for instance, to bringing able and experienced civil servants to fill positions in the east: too many key posts are still held by old-guard communists.

Courageous decisions

Second, the government must find ways of calming the millions of east Germans who are out of work or fear they will become so. Should these people come permanently to feel as cheated by the new order as they were oppressed by the old, the political repercussions would be immense. Bonn needs to investigate granting earnings subsidies to top up the take-home pay of workers whose employers can only afford to hire them at low wages. Mr Kohl's readiness, signalled this week, to seal some form of co-operation with the opposition Social Democratic party may be helpful in preventing labour flare-ups this summer. As a *quid pro quo*, Bonn is being forced towards supporting outdated industrial plants – for example, in the chemical industry which, purely on the basis of market economics, would be closed.

Third, the government must at last express in adequate words the scale of the task facing the country. The only conceivable positive aspect to last week's appalling murder of Mr Detlev Rohwedder, the head of the Treuhand agency which is presiding over the restructuring, is that it has brought forth a perceptible air of crisis that may encourage more courageous decision-making.

As the psychological toll wrought among the east Germans by 57 years of totalitarianism becomes more apparent, Mr Kohl is starting to prepare the Germans for several years of relative hardship. The chancellor should use the politically less vulnerable period at the beginning of the new legislative period to signal that the costs of unity up to the mid-1990s can only be met through cuts in west German living standards.

Although the position east of the Elbe is not yet catastrophic, it is indeed very serious. It requires energy and thought as well as D-Marks. Otherwise, there is a danger that, in the eyes of many east Germans, capitalism will be discredited before it has a chance to take hold.

Discipline for the auditor

IN MATTERS of corporate governance, institutional investors have always been far too reluctant to pull their weight. But that reluctance does at least have one merit: when the institutions do finally flex their muscles in public, the demonstration effect is formidable – witness the *frisson* that ran through the accountancy world this week when it emerged that a group of institutional shareholders in Amber Day Holdings, a clothing retailer, had applied pressure to management for the removal of auditors Stoy Hayward. For accountancy firms this is an unfamiliar and uncomfortable application of the concept of accountability. Is it a justifiable use of institutional power?

Stoy Hayward, which has been badly hit by the failure of several controversial audit clients, clearly feels aggrieved that it was bundled out without any opportunity to justify its performance to the institutions. The institutional shareholders' rejoinder would no doubt be to quote the list of Stoy Hayward's failed clients that are now being investigated by the authorities, starting with Polly Peck, Levitt Group and Astra Holdings. Yet that surely begs the question. A client list containing an above average number of entrepreneurial companies is likely to throw up an above average number of failures in a sharp recession. It does not follow that bad auditing is necessarily involved; and there is a risk that the auditors may carry too much of the blame.

Analytical failure

The preparation of statutory accounts that show a true and fair view is primarily the responsibility of the directors, on whom most of the blame for any corporate collapse must fall. In some cases, notably that of Polly Peck, there appears also to have been a failure on the part of the analytical fraternity, including the press. The notes to the published accounts contained sufficient information to indicate that the company's profits were not what they seemed. But when the share price was riding high nobody wanted to know about the detail. Nor do the institutions appear to be very assiduous in their reading of balance sheets. Academic evidence suggests that many fund managers are simply not up to the job of dealing with basic accountancy.

That said, institutions such as insurance companies and pension funds are the legal owners of the companies in which they invest and have a fiduciary responsibility to their beneficiaries. The auditors owe them an obligation, not the other way round. If the institutions feel uncertain about the effectiveness of any given auditor, their prime responsibility is to seek to minimise the risk to their beneficiaries even at the cost of possible rough justice for the auditor.

Cosy relations

It is a fundamental weakness in corporate accountability that the relationship between auditors and management tends to be over-cosy. That weakness is exacerbated by intense competition among auditors and the potential conflict of interest inherent in the growth of the consultancy arms of the big accounting firms. There is a temptation to give in to management on points of principle in order not to lose fees. In the climate of the 1980s the professional ethos of the accountancy profession was threatened by commercialism and there is every reason to believe that the quality of corporate reporting declined.

The advantage of institutional intervention at Amber Day is that it constitutes a powerful reminder to the auditors that their responsibility is to the shareholders rather than the managers. It will stiffen their backbones in dealing with awkward clients. So, too, will the profession's new watchdog, the Accounting Standards Board, which has been granted teeth, a worthwhile budget and a boss, Mr David Tweedie, who actually believes in firm regulation. His first salvo, aimed at reforming profit and loss accounts, is due later this week.

What is needed now is to reinforce accountability with more formal institutional involvement in the appointment of auditors and the setting of audit fees. Cracking the whip, though welcome, is no more than a first step.

South Korea's conglomerates are facing government pressure to specialise and compete internationally, writes John Ridding

Time to cut giants down to size

Visitors to Seoul can drive from the airport in a car made by Daewoo Motors, on roads built by Daewoo Corporation to a hotel owned by Daewoo Group. In their hotel room, furnished with fabric from Daewoo Corp, they will probably use a telephone made by Daewoo Telecom and watch a Daewoo Electronics television.

Even then, they will have sampled only a fraction of the business interests of the Daewoo Group, the fourth-largest of South Korea's "chaebol" – the family-controlled business empires that dominate the economy. Other conglomerates, notably Samsung, Hyundai and Lucky Goldstar could, with few exceptions, offer comparable products and services.

In few other countries is big business so big or so all-embracing. Combined sales of the four largest conglomerates amounted to won 97.86 trillion ($135bn) last year, or more than half South Korea's gross national product. The share in manufacturing value added of the 10 biggest companies – the best measure of their contribution to Korea's economic output because it avoids double counting arising from sales between group subsidiaries – was 12.5 per cent in 1988, the last year for which figures are available.

But now South Korea's government, which itself promoted the rapid expansion of the chaebol in the 1960s and 1970s through subsidised bank loans, licensing, and export financing, is stepping up efforts to end their "octopus expansion". A new policy, finalised at the end of last month to be implemented from June, will put pressure on the chaebol to specialise in a handful of industries so as to increase their international competitiveness and reduce the level of economic concentration in South Korea.

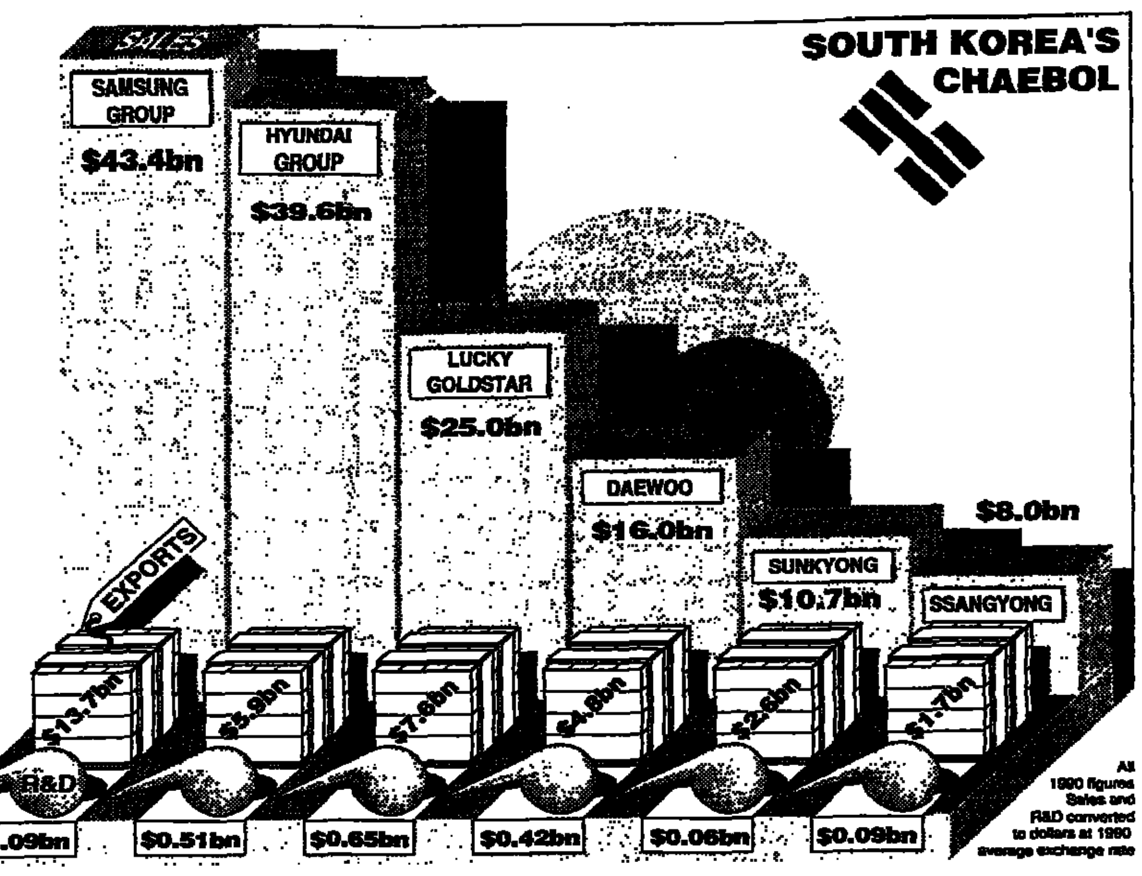
The plan has run into fierce opposition from the chaebol and driven a wedge in the traditionally close relationship between business and government. It is not the first attempt to curb their growth, nor is the scheme without weaknesses. But as the South Korean economy starts to open up to foreign competition, restructuring will be hard to resist.

Many chaebol accept there is a need for fresh business strategies, but they oppose government interference and continue to find attractions in new fields: Samsung and Hyundai, for example, are both spending more than $1bn to enter the petrochemicals industry. Moreover, chaebol interests do not always coincide with those of the national economy – small and medium-sized businesses have been squeezed out of many domestic markets. Profit considerations can also come a poor second to personality rivalries between the groups.

Under the terms of the policy, spearheaded by the ministry of finance, 30 of the chaebol will select three companies as their "core" businesses. For these three, existing restrictions on borrowing, imposed in 1984, will be removed. Two further companies can be exempted from credit controls, but only if the parent group sells off more than two of its other affiliated companies.

At the same time, any company within the group other than the three selected as core businesses will have to reduce its outstanding bank loans and will have its new borrowings curbed. The extent of this reduction in outstanding debts will be determined once the chaebol have selected their main business activities.

In pushing for greater specialisation the government is addressing two areas of concern – economic and social. Economically, the government argues that more focused investment in research and development, and improved technology and productivity is necessary to reverse the loss of competitiveness in Korea's export industries and to provide the stimulus for a "second economic take-off". Double-digit wage increases, every year from 1986, have eroded Korea's traditional cost advantage over its south-east Asian rivals. Exports, which grew by 36 per cent in 1987 and 28.4 per cent in 1988, achieved only meagre increases of 3 per cent in both 1989 and 1990.



The solution, argues the government, is to replace Korea's disappearing cost advantage with improved quality of goods and productivity of workers. This, it says, requires a change in the chaebol structure.

In the past, the concentration of resources in a small number of business groups was well-suited to the mass production of commodity items from electronics to textiles, and the achievement of economies of scale which laid the foundation for Korea's rapid economic development. But a successful response to the new challenges facing the economy, both in terms of technology and flexibility of production, favours expansion in depth rather than breadth.

"They have expanded horizontally, like octopuses in the protected domestic market," argues one senior official at the Economic Planning Board, the most powerful economic ministry. "While they have competed fiercely with each other, their capital and management resources are spread so thinly that it is difficult to invest enough in upgrading productivity and quality in specific industries."

The result, says Dr Koo Bohn Young, economic secretary at the presidential office, is that while they are giants at home, chaebol companies remain relatively small internationally. "The government wants to help them become world players in their chosen sectors," he says.

Such economic concerns have sprung to the fore recently against a backdrop of social factors. "The size of the chaebol themselves is not so much of a problem," says Dr Koo. "The problem in Korea is that these conglomerates are still family-controlled and that economic power is so highly concentrated."

The fact that only a handful of the top 100 companies can boast separate management and ownership is one reason why the chaebol are unpopular. "Big business is disliked in any country," says Professor Jung Ku Hyun of Yonsei University's department of business administration. "But in Korea hostility is stronger because of the high degree of concentration of wealth and economic power in the hands of certain individuals."

Since the introduction of democracy in 1987 the government has become more responsive to such resentment. "All institutions are being criticised," says Prof Jung, "and big business remains a main beneficiary of three decades of authoritarian rule."

Despite their opposition to the existing system of credit constraints the chaebol have reacted angrily to the new policy. In a statement at the end of last month, the powerful Federation of Korean Industries, the lobby group of the chaebol, said that asking conglomerates to select three main companies was like asking them to participate in a lottery.

"The business areas in which we are operating, such as shipbuilding, construction, cars and petrochemicals, are all inter-related but separate companies," says Mr Kim Ho Il, executive managing director of Hyundai's corporate planning office. "If we only invest in the core industries then the other ones will be weakened and this in turn will damage the core businesses."

The greatest concern of the chaebol, however, is that the government is taking a step towards their forced dismemberment. "It wants to reduce our economic dominance," says a senior chaebol executive. "This is the start of disaggregation."

His worry is that the government will try to determine which groups can operate in which industries. "What happens if we all choose cars as one of the core businesses?" asks Mr Yoon Young Suk, president of Daewoo Corporation, the trading arm of Daewoo Group. "How will the government decide which companies can go ahead?"

Dr Oum Bong Sung, counsellor to the minister of finance, counters these fears: "We have a market economy. It is up to the chaebol to choose what industries they want to be in. We are not forcing them to specialise, we are inducing them to do so."

But will the government's financial incentives be enough to reshape the chaebol? Dr Oum argues that they will because there is still substantial excess demand for credit in Korea. Short-term interest rates are 18 per cent, and even higher at the non-bank institutions such as finance companies where the chaebol have been forced to seek funds. "There will be strong incentives to develop those core industries freed from bank borrowing restrictions," Dr Oum says. "The companies not selected will be relatively disadvantaged and will decline in importance."

Any pressures to specialise will, however, be limited by weaknesses in the policy. In particular, it will be difficult to stop funds flowing from the selected companies to other members of the chaebol. "Money doesn't have a name tag," says Dr Han Seung Soo, former minister for trade and industry and a top economic policy-maker in the ruling Democratic Liberal party. "Opening the tap to Hyundai Motors may also open the tap to other Hyundai companies," comments another ruling party official.

The difficulty in monitoring financial flows within the groups will inevitably limit the impact of the scheme. But beyond the scope of credit policy, the process of opening Korea's markets and the chaebol's own need to improve international competitiveness will encourage the restructuring sought by the government.

"Until now the chaebol have had monopoly profits because the local market has been closed. If we really open up, then they will be forced to compete with world players," says Dr Koo at the presidential office.

The liberalisation of Korea's market for goods – for example food – is still at an early stage. But its dependence on trade, and demands from economic partners such as the US, give it little option but to follow a policy of liberalisation. Despite the impression given by recurrent trade disputes, imports of consumer goods rose by about 10 per cent last year, and of machinery by 15 per cent.

The prospect of international competition in their own backyard, combined with reduced price competitiveness in overseas markets, is already prompting some of the chaebol to take steps towards restructuring.

"Pressures are coming from foreign companies," says Mr H K Bae, manager of the corporate planning office of Samsung, the largest of the chaebol. He cites the adverse impact that imports of Danish ham have had on profits at Cheil Sugar, one of Samsung's food-producing subsidiaries.

Samsung's response to the twin pressures of internationalisation and market liberalisation had been set out before the government formulated its initiative in "Vision 2000", its corporate philosophy. According to this, Samsung will focus on chemicals, electronics and heavy machinery. These core industries are receiving the lion's share of funds for expansion. Samsung Electronics, for example, is increasing investment in R&D from won 350bn last year to won 460bn forecast for this year. Companies outside these three fields will be restructured. Cheil Textiles, for instance, has changed its name to Cheil Industries and is entering the chemicals industry. Cheil Sugar is now making detergents.

Of all the chaebol, Samsung is furthest advanced in its restructuring plans. But even Daewoo, which advertises that it makes "everything from A to Z", is making changes. "Several years ago we decided that light industry, textiles and shoes would not be main business lines," says Mr Yoon. "Since then, sales have remained fairly flat at about $1bn for these products." He explains this performance as a result of concentrating resources elsewhere.

"Specialisation has to be gradual," Mr Yoon says, adding that Daewoo is still deciding where it will concentrate. Chaebol executives reject the idea of selling or closing down subsidiaries which do not fit in with group strategy, and describe instead an evolution of existing operations.

Like the big ships that many of the chaebol build, their size will limit the speed at which they change course. But the pressures now prompting the beginning of corporate restructuring "Korean style" should ultimately create leaner, fitter competitors on the international stage.

'Mainhatten' transfer

■ While German politicians and central bankers squabble over when and how European monetary union should come about, the city of Frankfurt has already committed itself to luring Europe's central bank to the shores of the Main.

It is a prize that London, Paris, Amsterdam, Brussels and Luxembourg all feel well qualified to pick up. But, while the Euro-bank remains a nebulous concept mired in intergovernment discussions, the Frankfurt town-hall has revealed it is already sinking DM800,000 into a "quiet" campaign promoting "Frankfurt – the obvious choice".

The city will certainly need the help of the two public relations agencies it has engaged. As mayor-designate Andreas von Schoeler was yesterday not quite frank enough to admit, Frankfurt is far from the obvious choice.

As a financial centre, it lags well behind London, and struggles to hold its head up against Paris. So Euro-bankers seem unlikely to rush for a transfer to "Mainhatten".

However, all this is to be swept aside as Frankfurt starts winning friends and influencing decision-makers at home and abroad. The first target is the foreign press, being flown in this week to have their ears bent on the strength and stability of the D-Mark and its banking system.

They are also supposed to be initiated into the delights of the Frankfurt life-style – although the only item on this bit of the agenda seems to be a visit to the money museum.

Investment tip

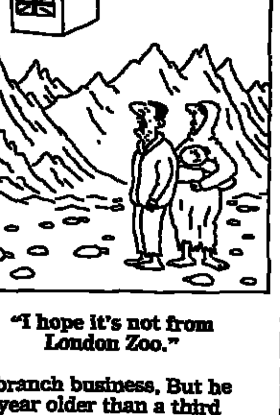
■ The 122-year-old Foreign & Colonial is Britain's biggest investment trust, and one of its best. Alas, it is now showing signs of advanced age.

First of all it got Liverpool Street station mixed up with Old Broad Street in the pictures in its latest annual report. More seriously, its shareholders have just rubber-stamped a resolution doubling the company's £12,500 per annum contribution to the Conservative party in the event of an election being called.

Shouldn't F & C's blue-blooded directors wait and read what is in the Tory manifesto, before automatically dishing out more shareholders money just to keep a tired old government in power?

Britain's first investment trust would not enjoy its exalted status for long if it invested the bulk of its shareholders' money in such a cavalier fashion.

OBSERVER



"I hope it's not from London Zoo."

Action men

■ International banking is no longer the sole preserve of banking's high-flyers, given the amount of money that has been lost over the last decade. Nevertheless, Bernard Horn's appointment as chief executive of National Westminster Bank's international business indicates that he is firmly on the fast track.

The choice is somewhat surprising given that Horn has until now been responsible for group strategy and communications, and is a bit thin on lending experience. He leapfrogs 53-year-old Ian Farnsworth, the European general manager, and replaces John Tugwell who has been sent off to sort out out the NatWest Bancorp nightmare in the US.

Although Horn's responsibilities will not take in Tugwell's US operations, and he will not have a seat on the board, he has obviously been marked out for higher things.

At 44, he is the same age as two obvious career rivals: Dr John Owen, the group treasurer, and Martin Gray, the general manager in charge of UK branch business. But he is a year older than a third – Derek Wanless, chief executive of UK financial services.

Closing ranks

■ Kajo Neukirchen likes tough jobs. After three years at the head of Klöckner-Humboldt-Deutz, which ran into trouble in the US farm machinery market in the 1980s, the man with the film star looks and no-nonsense business manner is moving to Hoesch, the German steel and engineering group where the recovery process is still under way.

The change comes against the tragic background of the terrorist murder of Detlev Rohwedder, who headed the Treuhand, the east German privatisation agency. As Hoesch's previous chief executive, he had switched its emphasis from steel to high-technology engineering.

Unusually for Germany, where succession squabbles are anathema, the search for a new boss has split Hoesch. Hero Brahms, the finance director, was Rohwedder's choice, but trade unionists thought him too hard-line. So the music-loving Neukirchen, 49, who keeps fit by swimming, will have to mend some fences as he continues Hoesch's restructuring.

He has done a sterling job at KHD, which last year made its first net profit since 1986. As well as cutting capacity, he has set new goals for the company, stressing the development of new management – he replaced most of the old board – and investing in a new diesel-engine factory. He has cut jobs, too, but the task at KHD was big enough to keep the unions on his side.

Materialism

■ The earth may well be churning around London's Highgate cemetery's most famous grave. Although Karl Marx has gone on sleeping peacefully through the setbacks to east European socialism, something has happened that he can hardly be expected to take lying down: the issue of a "Crazy Cash Offer" by the magazine Marxism Today.

It is cutting £10 off its £23 annual subscription to new direct-debit subscribers which, given a 78 per cent subscription-renewal rate, looks like good business to managing editor Julian Turner.

But how about the effect of such capitalist-style wheezes on Marxist hard-liners?

"Well, someone's just sent back an offer-form inscribed with a hammer and sickle and an unprintable comment – a Stalinist probably. But groups like the Nicaragua Solidarity Campaign vary. Some of them abuse us, but a good many more take the offers up."

Nice work

■ How many Sloane Rangers does it take to change a light-bulb?

Two. One to mix the Pimms, and the other to telephone the electrician.

Pricing in the UK telecommunications market

The benefits of competition

By William Baumol


Price principles: Oftel director-general Sir Bryan Carsberg and trade and industry secretary Peter Lilley

As eastern Europe demonstrates, markets often are far better than governments at providing abundant goods and services. However, the market cannot deliver improved services at lower prices in privatised industries such as telecommunications if government pre-empts all decisions.

This principle underlies the support for increased freedom for telephone service companies expressed in the British government's telecommunications white paper published last month.

The paper nevertheless rightly recognises that in arenas where competition is ineffective, regulation continues to have a legitimate role. Specifically, regulation should prevent companies from doing anything that an effective competitive market would prevent. However, few would advocate government price intervention in highly competitive markets because it raises costs and harms consumers.

The white paper is a big step in the direction of a competitive market; but it does not go nearly far enough.

Economic analysis indicates that if regulation is to make regulated companies behave as they would under competition it should adopt three pricing principles. These are:

- a price ceiling (price cap) to protect consumers from excessive charges;
- a price floor to prevent large companies from destroying smaller entrants through low predatory prices that do not cover costs;
- a competitive-market standard for the pricing of services that one company in the industry provides to another;

The price ceiling should be set to preclude any prices higher than competition would permit. The ceiling represents the price at which a rival would find it profitable to enter. Consumers should be protected from having to pay more than this.

The price floor conforms to an equally simple rule – the price of any service must yield revenues to the company sufficient to cover all the costs incurred in supplying that service. While a monopoly may be able to compensate for the shortfall that must result from any lower price through excess profits elsewhere, no competitive company can do so.

Third comes pricing of services supplied by one company to another. A company in a free market which voluntarily rents facilities to another company will do so only if the rental fee is high enough to offer the renter at least as much profit as it could earn by employing the facility itself. Accordingly, the regulated company that allows a rival to use its facilities must be permitted to charge this price.

Regulation should stick to these three principles, but it should otherwise permit maximum freedom of decision to companies to avoid bureaucratic costs and inefficiencies for which the public would pay. In markets where competition is deemed inadequate, regulation must ensure that price is no higher than the ceiling and no lower than the floor just described, but management must be free to pick any price in between.

The white paper moves towards adoption of these rules. It acknowledges the role of a price floor as a supplement to the price-cap ceiling; it proposes a rule for the pricing of services that one company supplies to another that comes closer to the competitive market standard than is currently allowed; it advocates greater flexibility in price setting; and, above all, it proposes elimination of government restrictions on entry of new competitors.

However, in several respects the white paper is inadequate. It implies that the floor and the ceiling are to become fully effective only after competition is firmly established – at a point when regulation is likely to have become redundant. It adopts questionable accounting standards as the basis for the price floor and for the pricing of services one company supplies to another. Finally, it proposes that freedom of decision-making be phased in slowly, over five years. A transition period of some kind makes sense, but the proposed one seems longer and more restrictive than the public interest requires.

The white paper is a big step in the direction of a competitive market; but it does not go nearly far enough

However, the main deficiency of the white paper may be its approach to the issue of "rebalancing" – that is, making relative charges for calls and for line rentals conform more closely to costs.

The Office of Telecommunications, the industry regulator, protects Mercury (and prospective competitors) by requiring BT to charge prices high enough to ensure Mercury's survival. However, the current form of this constraint entails a serious anomaly. To oversimplify somewhat, the price BT may charge for rental of a telephone line has been set very low relative to cost, while the price charged for each call on such a line has been set very high relative to cost.

These two policies may seem mutually offsetting and hence without serious consequences. In fact, however, they undermine competition. They give Mercury a protected niche in which BT is effectively unable to compete, and provide a similar "safe niche" to BT.

To see why, note that for a big business customer who uses each telephone line heavily, the cost of calls constitutes a relatively large share of its telecommunications budget. The opposite is true of households and small businesses, whose lines are often idle and who therefore spend little on calls relative to lines.

With BT required to overcharge for calls and undercharge for line rentals, Mercury is positioned to drive BT out of the large business market by setting a price for calls geared closely to their cost. This market is becoming, in effect, a Mercury monopoly, because regulation forces BT to charge a high price for calls. Similarly, those rules exclude Mercury from the household and small-business markets because it cannot meet the low BT line price imposed by regulation. So, ironically, this regulatory attempt to preserve competition denies the benefits of competition to households and businesses alike.

Rebalancing would permit BT to raise its line rental fees in exchange for a reduction in the price of calls. This could benefit everyone. It would benefit Mercury and other competitors by enabling them to enter the household and small-business market (In the US this proved enormously attractive to AT&T's young competitors). It would benefit BT by permitting it to remain in the large business market. Finally, it would benefit the public by permitting genuine competition in both markets to replace a government-created cartel.

BT is at present allowed to rebalance its prices only slowly. The white paper refuses to countenance faster rebalancing for residential and single-line business rentals for at least 2¼ years, and provides no commitment as to what will happen thereafter. Can the object be to protect households and small business from being served by several competing companies?

The author is a professor of economics at Princeton and New York universities and has acted as a consultant to BT on the telecoms duopoly review.

Edward Mortimer

'Safe haven' is not enough

FOREIGN AFFAIRS

A liberated Iraq could begin to apportion a fair share of power to all its constituent groups

In Iraq, a new Lebanon and a new Palestinian problem are being manufactured before our eyes. Prompt military action to remove Saddam Hussein from power may now be the only way to halt the process. It would certainly be the fastest and most humane, and there can be no serious legal objection.

Article 2.7 of the United Nations Charter, which forbids the UN "to intervene in matters which are essentially within the domestic jurisdiction of any state", contains an important qualification: "this principle shall not prejudice the application of enforcement measures under Chapter VII".

Measures (otherwise known as the Gulf war) have been taken under Chapter VII. One of the objects of those measures under Security Council resolution 678, was the restoration of "international peace and security in the area". It would be absurd to suggest that this objective has been achieved. Indeed resolution 688, adopted by the council last Friday night, states in so many words that the effect of the repression of civilians in Iraq is "to threaten international peace and security".

By Sunday well over half a million refugees had crossed into Iran, which (with at least 1.5m more on the way) felt obliged to close its border. Nearly a quarter of a million had crossed into Turkey, which tried to close its border but could not, and fighting broke out inside Turkey between police and local Kurdish demonstrators. Neither country is able to cope with such an influx.

Not surprisingly, Mr Turgut Ozal, the Turkish president, called for the refugees to be given safe haven on Iraqi rather than Turkish territory. He even offered to send Turkish troops into northern Iraq as part of a UN force for this purpose. The idea was quickly taken up by Mr Dick Cheney, the US defence secretary; then the British prime minister persuaded his European partners to back it; and by Monday night it was under serious discussion in the UN Security Council.

Meanwhile, in the south, US troops are preparing to leave Iraq. Mr Brent Scowcroft, President Bush's national security adviser, said on Sunday that 40,000 Iraqis now in the occupied zone would not be abandoned. Apparently they are to be put in camps in the demilitarised zone to be established along the Kuwaiti border, which will extend 10 km into Iraq. So that is another "safe haven" on Iraqi territory.

Security Council resolution 687, passed last Wednesday ("the mother of all resolutions"), places Iraq under a kind of international probation. Resolution 688 goes even further. It condemns the repression of Iraq's civilian populations; demands that Iraq put a stop to this repression; calls for a "broad dialogue", aimed at ensuring respect for "the human and political rights of all Iraqi citizens" and insists that Iraq must allow international humanitarian organisations immediate access to all those who need assistance in any part of Iraq.

The real problem is political: that very 'Vietnam syndrome' which evidently continues to haunt President Bush

The connection between international peace and security and the nature of Iraq's internal regime has thus been clearly established. If Saddam Hussein were to abide by the letter and the spirit of resolution 688 he would not be Saddam Hussein – and he would be unlikely to remain in power more than a few minutes. Moreover he is clearly responsible for a whole range of crimes under international law. No one really imagines that peace and security in the area can be restored while he is still in office, and, even if Mr John Major cannot "recall asking the Kurds to mount this particular insurrection", as he so chillingly put it last week, both he and President Bush have publicly advised the Iraqi people and/or armed forces to change their leader. That in itself is a clear interference in Iraq's "internal affairs".

The real problem is not legal but political: that very "Vietnam s..drome" which Mr Bush claims to have conquered, but which evidently continues to haunt him. He does not want "a police role in downto..n Baghdad". He fears that an operation to occupy Baghdad and depose Mr Saddam would cost far more US casualties than Operation Desert Storm did; that any gratitude felt by the Iraqi population would wear off long before there was a viable government to hand over to; and that US forces would soon look like old-fashioned imperialists rather than liberators.

Those are serious fears, not to be lightly dismissed. It would have been much better to give air cover and political support to the opposition last month, when Iraq's intifada was at its peak. That would have been far more effective in inducing a change of heart by senior Iraqi officers than the policy in fact adopted, of giving what looked like tacit support to Mr Saddam, or at least to the units which remained loyal to him, as against the rebels.

But this policy now looks like leading to that fragmentation or "Lebanisation" of Iraq which it was supposed to avoid, with UN-policed enclaves at both ends of the country, populated by refugees from Mr Saddam's rule and inevitably used as bases for continued guerrilla warfare against him. If, as Mr Major has suggested, the Kurdish enclave were to include large towns, it would be to all intents and purposes a Kurdish state under UN protection. In fact it would be that anyway, since refugee camps of the size envisaged would quickly become large towns.

The situation is comparable to that which existed in Bengal in 1971, when more than 10m refugees fled across the Indian frontier from General Yahya Khan's repression in East Pakistan. Rather than tolerate this, India sent in its army to end the repression and allow the repressed opposition, led by Sheikh Mujib Ur-Rahman, to come to power. Bangladesh was born, and soon afterwards admitted to the UN.

Turkey and Iran will hardly wish to act as godparents to an independent Kurdistan, and should not be obliged to do so. Unlike Pakistan before 1971, Iraq is not two separate territories 1,000 miles apart. It is one country suffering from one problem named Saddam Hussein. The aim of UN action in Iraq should not be to help the Kurds only, still less to partition the country, but to deliver the whole of it from Saddam's rule.

The occupying forces should appoint a broadly-based provisional government, which would undertake to organise free and fair elections under UN supervision. They should have a list of Iraqi individuals, headed by Mr Saddam himself, who are accused of direct responsibility for war crimes. These should be apprehended where possible and tried, either by an international tribunal or by an Iraqi court using internationally-monitored procedures.

The occupying forces should withdraw as soon as the provisional government is established and the provisions of resolutions 687 and 688 have been implemented. But the new government should be given all possible economic and technical assistance in rebuilding the country, so long as it stuck to its democratic programme and timetable.

If the US is unwilling to commit ground forces to this operation it could confine itself to providing air cover. Troops could come from the countries most directly interested in solving the refugee problem: Turkey and Iran, preferably joined by Arab states, especially Sunni-ruled ones such as Saudi Arabia and Egypt. This would help reassure Sunni Arab Iraqis, who form the bulk of the population in central Iraq and provide most of the army officers, that the objective was neither partition nor a sectarian Shia state, but a constitution under which Sunni, Shia and Kurds alike would be guaranteed a fair share of power.

LETTERS

'Native' a term with wide definition

From Mr Bill Smith.

Sir, It is worth expanding on one word in Anthony Harris's demographic piece ("And now for something completely different", March 8) The term "native" is important both in the context of German nationality and more generally of migration.

German nationality is available to those of Germanic origin. This is a wide-ranging definition potentially including descendants of the Germanic tribes in other western and eastern European states. The total Germanic population of Europe may exceed 100m.

There is a precedent for the population surge Germany is now experiencing. After the Second World War many people of Germanic origin fled from communism in eastern European countries into West Germany. This partly explains why, despite the effect of the war upon the adult male German population, there is a bulge in the age distribution of 50-60 year olds.

The native populations of many western economies have been reproducing at below replacement level for much of the period since the mid-1960s. Immigration has been the swing factor in differentiating population growth in these countries. Germany's population fell for a number of years, with the work force boosted by immigrant labour which was not awarded citizenship.

The UK's population has been static in recent years due to net immigration offsetting the low birth rate. In the US, the large number of immigrants in recent years has provided a substantial boost to the overall population.

In all cases, a disproportionate part of the immigrant labour force tends to be in the 20-30 age group.

As an actuary, I was delighted to see a high-profile article on demography, a subject whose importance to investment is often underestimated. It also gives rise to one of the few approximations to a joke in statistics, being defined as "study of the population broken down by age and sex".

Bill Smith,
Barclays de Zoete Wedd Securities,
Ebbgate House,
2 Swan Lane, EC4

A xenophobe – and proud of it

From Mr John Spellar.

Sir, I noted from Christian Tyler's profile of Dennis Skinner ("Down the pit at Westminster", March 30/31) that the Bolsover MP "denies the rumour that he is a xenophobe without a passport".

One wonders how these rumours managed to gain currency. It might have been spread by those who were at a Tribune meeting some years ago when Mr Skinner made his usual witty comments about visits in winter between the Tropic of Cancer and Tropic of Capricorn, which I note he mentioned in your article. He then proudly proclaimed that he never went on these trips abroad and stated that he did not even have a passport. For this he was loudly applauded by lumpen elements in the audience but effectively put down by Mr Jimmy Reid in a later contribution who strongly denounced him for chauvinism.

John Spellar,
national officer,
Electrical Electronic Telecommunication & Plumbing Union,
Hayes Court,
West Common Road,
Bromley,
Kent

More speed in searches service

From Mr David Durham.

Sir, Observer ("Official Improvements", April 5) may have misled readers about the changes Companies House has recently made.

From April 1, opening hours in Companies House's search rooms have, as Observer says, been extended by an hour and we have set a new speed-of-service target of two hours for all our customers. This represents a halving of the existing four-hour target for 80 per cent of searches by larger users.

Our large customers have previously paid the same charge as smaller ones but have not received the same service. We are committed to providing the same level of service to all our customers.

We cannot offer a one-hour service to everyone with our present technology, but we plan to move to a one-hour service by 1994. In the meantime, we already offer a variety of other search services including a premium (20-minute) service and delivery by post, courier or fax.

We will take orders by telephone from those who have an account with us or who wish to pay by credit card.

A few customers will suffer from the recent changes but most will benefit from our response to the demand for longer opening hours.

David Durham,
chief executive and registrar of companies,
Companies House,
Crown Way,
Cardiff

Fulfilling great expectations

From Mr Richard J. Raeburn.

Sir, Barry Riley's "The Long View" (March 30/31) aired a number of concerns about the future of mutually-owned financial institutions. In 1987, London Life policyholders had to come to terms with uncertainty over the future of their mutual association.

In this instance policyholders questioned whether the management (Mr Riley's "club servants") was indeed in the best position to recommend a merger without giving policyholders the fullest understanding of the other possible courses of action, including the cessation of all new business and run-down of the mutual.

Policyholders in mutual institutions cannot in any practical sense react as public company shareholders and "sell" their equity if the management's performance and actions fall short of the owners' expectations. The London Life debacle highlighted this frustration as the policyholders felt from the outset that management had been far from sensitive to the best interests of the owners.

If mutual institutions are to survive in the current financial environment, their managements will need not just to assure themselves of adequate "capital" but also never to lose sight of the complex expectations of their members.

Richard J Raeburn,
68 Burbage Road, SE24

Hazy rules not in keeping with an open market

From Mr James T. Barton.

Sir, I read Simon London's article on the Italian government bond market, ("Treasury aims to attract overseas investors", March 18) with interest. Mr London notes several obstacles to the full participation of foreign investors in the domestic bond market. Among these are tax and settlement problems. Mr London may wish to add another to his list.

New Italian laws governing the organisation and structure of the Italian securities markets which became effective on January 5 this year may act as an impediment to foreign broker dealer activity in the Italian securities markets. This, in turn, will lead to a reduction in foreign participation in Italian securities generally, and Italian government securities, specifically.

Clarification of the new regulations is awaited by market participants. Until then, the ambiguity of the rules regarding registration, jurisdiction and scope of activities covered is cause for concern. Indeed, ambiguity is sufficient to leave non-Italian securities firms uncertain as to whether or not they are currently in violation of the new registration laws. Some will soon of necessity focus on the discomforting decision as to whether or not a separately-capitalised subsidiary should be set up in Italy next year, as the rules mandate. We believe this particular provision is in violation of, at a minimum, the spirit of a unified European market for financial services.

Such clarification by the Italian authorities could serve to lessen our concern, as well as those of others. In the meantime, if the Italian authorities are serious about opening their government bond market to foreign investors, we find these new regulations an odd way to do so.

James T Barton,
chairman,
international committee,
Securities Industry Association,
New York

Fax service

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FINANCIAL TIMES
Wednesday April 10 1991

US and Israel agree on Middle East talks

By Hugh Carnegy in Jerusalem

THE US and Israel agreed in principle yesterday on a proposal to hold a Middle East regional peace conference. But Mr James Baker, US secretary of state, warned there was still "a long, long way to go" before Arab-Israeli negotiations could take place.

The proposal for the conference – under US-Soviet auspices and leading on to substantive negotiations – was the focus of Mr Baker's talks with Mr Yitzhak Shamir, Israel's prime minister, and Palestinian leaders from the occupied territories.

It was Mr Baker's second such meeting within a month.

Israel's conditions for any peace process remain in place and include issues such as the status of talks and the elements which could come under discussion.

Israeli officials suggested that their view of the conditions was broadly shared by the US. It was now up to the Arabs to accept.

Mr David Levy, Israel's foreign minister, said: "We will now have to work and see that the other sides join this great project which if successful will be historic."

Mr Baker, however, was much more cautious, saying it was not the case that "something has been completely agreed to".

He hoped to be in a position to make progress when he moved on today to Egypt and other Arab capitals – after further talks with Mr Shamir – but "many, many questions and many, many details" remained.


US secretary of state James Baker and Israel prime minister Yitzak Shamir after talks in Jerusalem yesterday

The US and Israeli governments appear to be in broad agreement that the proposed conference should be little more than a symbolic curtain-raiser to a process of negotiations in which the Palestinian issue would be treated separately from bilateral Israeli-Arab issues.

This is in line with the "two-track" approach now espoused by Washington.

Local Palestinian leaders, led by Mr Faisal Husseini, told Mr Baker, however, that they feared this approach would leave the Palestinian issue unresolved.

They did not rule out a regional conference, but said any Palestinian participation must be approved by the Palestine Liberation Organisation.

They also insisted on acceptance by Israel of the principle of withdrawal from the occupied terrorities in exchange for a peace settlement.

The issue of Palestinian representation is one of the toughest obstacles facing Mr Baker. Israel refuses to accept even an indirect role for the PLO, ruling out Mr Husseini, for example. Producing a credible Palestinian delegation from the occupied territories without PLO endorsement has proved impossible in the past.

Israel also refuses to give advance commitments on "land for peace", a formula the US supports.

Georgia formally splits from Soviet Union

By Leyla Boulton and John Lloyd in Moscow

GEORGIA yesterday declared formal and complete independence from the Soviet Union in an effort to force the union government's hand over the issue of secession.

The declaration, signed by all 227 deputies present in the Georgian parliamentary chamber – and greeted with cries of "Long Live Georgia", bases the state's legality on a treaty of May 1918 when the Republic of Georgia was granted statehood by the new Bolshevik state, only to see it extinguished by that state three years later.

Like the Baltic republics, Georgia is claiming an unbroken statehood throughout the 70-year "occupation" of Soviet power.

Political leaders and activists in the republic were yesterday preparing for a national general strike, aimed primarily at putting pressure on the Soviet government to withdraw its Interior Ministry troops from the region of South Ossetia, where ethnic clashes continue between Georgians and Ossetians.

The strike is also designed to express solidarity with miners and other workers who are striking elsewhere in the Soviet Union.

In a referendum last month, Georgians voted overwhelmingly in favour of independence. Mr Zviad Gamsakhurdia, the republic's president, is clearly seeking to capitalise both on popular enthusiasm in Georgia and on the weakness of the central authority, with whom he yesterday demanded immediate talks.

The declaration comes two years to the day after Soviet troops were deployed against demonstrators in the capital, Tbilisi, leaving 21 dead. That issue, and the blood spilled in South Ossetia – represented on the Georgian side as wholly the result of provocation by the Soviet government – have been insistently played on by Mr Gamsakhurdia to produce a mood of national fervour of great emotional force.

It is not clear, however, how far the move will make an effective difference to the republic's position. Most of the institutions of government, including the KGB, are already in its own leaders' hands.

Mr Gamsakhurdia proclaimed independence immediately after the election of his Round Table alliance last November, although he said then that a transition period of two years was needed. He now seems to have shortened that transition.

The move has succeeded in closing the ranks of Georgia's famously quarrelsome and fragmented political groups around the republic's president. Mr Ivlian Xaindrava, a member of the executive of the Congress group of parties opposed to Mr Gamsakhurdia, said last night that a meeting of the executive expressed full support for the declaration.

"Everything now depends on the next moves he (Gamsakhurdia) makes. There may yet be a tragedy here".

The declaration proclaims Georgia as an "independent, democratic state" with guarantees of human rights for all regardless of race, language or religion.

● Soviet troops seized a building in the Lithuanian capital, Vilnius, yesterday, in what was described by president Vytautas Landsbergis as "a new escalation of provocative actions".

The building was a driving school, with former links to the Soviet military.

Yeltsin accused, Page 2

UK, Peking fail to agree over new airport plan

By John Elliott in Hong Kong

MR Douglas Hurd, Britain's foreign secretary, returned to London last night having failed in his attempt to win agreement from Peking for Hong Kong's proposed HK$100bn ($12.7bn) airport.

However, Li Peng, the Chinese prime minister, said in Peking that differences on the project had been narrowed by Mr Hurd's talks which are still continuing between officials. "I think some day, maybe in the near future, the two sides may find common points and a solution," he said.

Mr Hurd showed no signs of such optimism at the end of his eight-day trip to Hong Kong and China and said there was no question of going ahead with the project "at any price in terms of finance or in terms of Chinese involvement".

Having experienced Peking's lengthy and often convoluted negotiating style, Mr Hurd also warned that Hong Kong faced "a stony and uphill road" with "many obstacles" until China regained sovereignty in 1997.

Mr Hurd laid down two principles for future contacts. These are intended to ensure that Hong Kong's government steps up its previously somewhat half-hearted attempts at keeping China informed, while also preventing Peking from controlling decisions.

The first principle involved Hong Kong consulting more with Peking. It was "light-headed nonsense" to believe, as some people did in Britain and Hong Kong, that Peking should be kept as "distant as possible". Consultation should not be interpreted as "some kind of surrender" to Peking.

The second principle was that there should be "effective government" by Hong Kong. "Consultation means providing China with information, welcoming their views, but then using the authority of the Hong Kong government to take decisions," said Mr Hurd.

He said it had not been possible to reach an agreement so far on the airport "in line with these two principles". If there was no final agreement, it would not be possible to build the airport "according to the timetable envisaged by the government".

This watered down his warning last week that the project would be "shelved" and reflects the Hong Kong government's concern to maintain confidence in the colony.

Ronald Li trial, Page 6

Hollywood studios to be sued by UK group

By Raymond Snoddy in London

BRITISH Sky Broadcasting plans to sue United International Pictures, an organisation grouping three leading Hollywood studios, in what could become a landmark case affecting pay television channels throughout Europe.

BSkyB, the satellite television venture which runs two subscription film channels in the UK, is trying to overturn as illegal an $800m movie rights deal first signed with UIP in 1988.

The deal covering all the production from the three studios for five years came into effect last year when BSB launched its service.

UIP is the international distribution arm for Universal, Paramount and MGM, studios responsible for box-office hits such as Fatal Attraction, Licence To Kill and Indiana Jones and the Last Crusade.

BSkyB, the joint venture formed last November from the merger of British Satellite Broadcasting and Mr Rupert Murdoch's Sky Television, is about to file a formal complaint against UIP with the European Commission in Brussels. Action will also be taken in the High Court in London seeking damages and the setting aside of the original UIP-BSB movie deal.

The UK satellite company is acting on counsel's opinion that the UIP joint venture for the distribution and licensing of pay-television rights is contrary to the Treaty of Rome and therefore void under European Community law.

It will argue that the joint negotiation on behalf of three studios is anti-competitive because it leads to more onerous terms than any single studio could exact.

If Brussels were to find against UIP, all agreements would be null and void, the three studios involved could be sued individually for damages and the Commission could impose fines up to 10 per cent of UIP's worldwide turnover.

Deals with other European pay-television broadcasters, such as Canal Plus, the French subscription film channel, and Filmnet, the Scandinavian film channel, could also be affected.

Mr Gary Marenzi, UIP's president for European pay-television said yesterday: "Obviously this will cause a lot of discussion between UIP and its partners in Hollywood."

Mr Marenzi declined to comment further but there is clearly surprise at UIP that BSkyB should be planning legal action at a time when talks were apparently still continuing between the two parties on a renegotiation of the movie deal. BSkyB was trying to spread the agreement over 10 years for the same amount of money.

The sums paid to Hollywood for film rights hold the key to BSkyB's short-term chances of getting its costs down and bringing forward its break-even date.

A total of £1.4bn ($2.5bn) has already been committed to the satellite venture by five main shareholders – Granada, Pearson (publisher of the Financial Times), Reed International, Chargeurs and News International. The venture is still losing £3m a week – £6m when financing charges are included.

The original negotiations for pay-television rights for the UK market turned into an auction as BSB and Sky each tried to corner the rights to the best films. In the end, the two rivals split the main studios between them and pushed up film prices to unprecedented levels.

Television ruling, Page 5

UN discusses ways to protect refugees

Continued from Page 1

backing had been given to gangs of Kurds infiltrating Iraq from Turkey and Syria.

In Tehran, Mr Ali-Akbar Velyati, the Iranian foreign minister, summoned the capital's entire diplomatic corps to hear his account of the gravity of the refugee problem. He said that in the past two days 500 Kurdish children had died on the Iranian side of the border.

Mr Javier Pérez de Cuéllar, UN secretary-general, who has expressed reservations about the British plan, said in New York he hoped to send a survey team to the area, including Turkey and Iran, before the end of the week.

This would help him to comply with a security council resolution adopted late on Friday which asked for a report forthwith "on the plight of the Iraqi civilian population and, in particular, the Kurdish population, suffering from the repression in all its forms inflicted by the Iraqi authorities".

He was also directed to use all the resources at his disposal, including those of UN agencies such as the office of the High Commissioner for Refugeees, to help Kurdish and Shia refugees fleeing Iraq.

UN officials in Geneva said that well over 1m Kurds had flooded into Turkey and Iran, and appealed for urgent aid.

Speaking in Diyarbakir, the provincial capital yesterday, Mr Vehbi Dinceriler, the Turkish minister of state in charge of the relief effort, criticised western governments for their slow response to the crisis.

President Turgut Ozal suggested last week it would be easier to supply the Kurds inside northern Iraq. He called on the international community for support but said Turkey could also procure food locally.

Discussions of the British plan coincided with the start of the formal Gulf war ceasefire. The ceasefire, to go into effect soon after 7.30pm GMT, replaced an informal cessation of hostilities observed since the end of February between Iraq and the US-led alliance that forced it to withdraw from Kuwait.

The ceasefire will also permit the despatch of a UN observer force to patrol a demilitarised zone on the Iraq-Kuwait border and pave the way for the withdrawal of about 100,000 US troops occupying part of southern Iraq.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Berlin	C	9	48	Caracas	C	28	82	Faro	S	19	66	Islamabad	C	17	63
Algiers	C	19	66	Biarritz	S	17	63	Casablanca	S	19	66	Florence	S	22	72	Istanbul	R	9	48
Amsterdam	S	13	55	Bombay	F	32	90	Chicago	T	6	43	Frankfurt	F	13	55	Jakarta	R	31	88
Athens	F	18	64	Bordeaux	S	17	63	Cologne	F	15	59	Geneva	S	14	57	Jersey	C	11	52
Bahrain	C	28	82	Boulogne	C	9	48	Copenhagen	F	10	50	Gibraltar	F	18	64	Johannesburg	S	20	68
Bangkok	F	35	95	Brussels	S	14	57	Corfu	S	20	68	Glasgow	C	10	50	Lima	F	25	77
Barcelona	S	16	61	Budapest	C	15	59	Dallas	C	20	68	Helsinki	R	4	39	Lisbon	S	19	66
Beirut	–	–	–	Buenos Aires	F	22	72	Dublin	F	14	57	Hong Kong	Fg	21	70	London	F	16	60
Belfast	C	11	52	Cairo	C	22	72	Dubrovnik	S	19	66	Innsbruck	C	15	59	Los Angeles	S	14	57
Belgrade	F	16	61	Cape Town	S	24	75	Edinburgh	F	11	52	Inverness	C	11	52	Luxembourg	C	11	52

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	F	17	63	Milan	S	17	63	Nicosia	F	17	63	Salzburg	C	12	54	Tenerife	S	20	68
Madrid	S	19	66	Montreal	R	5	41	Oporto	S	21	70	San Francisco	S	9	48	Tokyo	S	25	77
Majorca	S	20	68	Moscow	C	14	57	Oslo	S	8	46	Seoul	S	23	73	Toronto	C	10	50
Malaga	S	18	64	Munich	F	12	54	Paris	S	14	57	Singapore	F	31	88	Tunis	S	18	64
Malta	S	20	68	Nairobi	F	26	79	Peking	C	16	61	Stockholm	S	9	48	Valencia	S	20	68
Manchester	C	12	54	Naples	S	21	70	Prague	F	10	50	Strasbourg	C	15	59	Venice	S	17	63
Manila	[illegible]	[illegible]	[illegible]	Nassau	C	27	81	Reykjavik	F	0	32	Sydney	S	22	72	Vienna	R	7	45
Melbourne	S	27	81	New Delhi	S	27	81	Rhodes	S	18	64	Taipei	C	27	81	Warsaw	C	6	43
Mexico City	C	34	93	New York	C	22	72	Rio de Janeiro	C	31	88	Tangier	F	20	68	Washington	F	20	68
Miami	F	24	75	Nice	S	19	66	Rome	S	19	66	Tel Aviv	S	14	57	Zurich	F	14	57

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

Patent medicine from Glaxo

Yesterday's 3 per cent fall in Glaxo's shares might seem an odd response to a challenge on drug patents which was supposed to be in the price months ago. But the market's behaviour is intelligible enough. The high premium on Glaxo's shares is due not to the company's present rather stodgy profits performance but to the expectation of much faster growth in the mid-1990s. If everything possible went wrong with Zantac's patent in the US, it is just conceivable that by the mid-1990s Glaxo might not be growing at all.

The threat turns on the argument that the particular crystalline form in which the drug is marketed – which is patented until 1992 – is not in fact sufficiently novel to deserve a patent. In that case, the expiry of the US patent on the basic compound in 1995 would throw the field open. As a rule of thumb, the immediate effect of generic competition on drug sales in the US is a drop in annual sales of around one third. Since Zantac in the US might still be contributing a quarter of group profits by 1995, this could be enough to offset the growth from the new drugs for asthma, migraine and so forth.

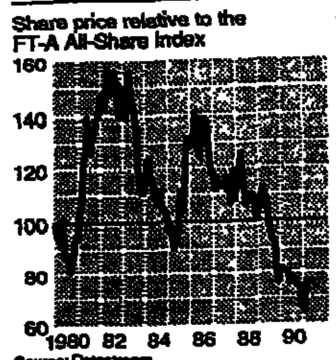
It is most unlikely that it will come to that. Although the company mounting the challenge specialises in busting pharmaceutical patents, Glaxo will doubtless have laid a minefield of other patents relating to the use and processing of the drug. The unsettling thing about all this, though, is that it re-opens the question of a product gap between Zantac and Glaxo's new drugs, some of which are proving slightly controversial. Glaxo remains a quite exceptional company and the rating of its shares does not look seriously under threat. Nor is it anything new for the earnings stream of drug companies to be impossible to forecast. But when the company has a market value of over £16bn, the occasional touch of market nerves is only to be expected.

Mowlem

Judging by the reaction to John Mowlem's £46m rights issue yesterday, the market's desire to pump cash into the construction industry is inexhaustible. In the past five years, the shares have underperformed the market by almost half and the sector by a third. Along with the cash call, Mowlem produced a near-halving of earnings per share, a held dividend and a 4 per cent drop in shareholders' funds. The shares went up 3 per cent just the same.

Mowlem J

Share price relative to the FT-A All-Share index



Source: Datastream

For the sector as a whole, the question is how far the cash will go to exploiting the recovery as against repairing the ravages of the downturn. To be fair to Mowlem, it can make a better case here than most. Its gearing fell last year from 53 per cent to 35 per cent, even if the fall was wholly due to a doubtless unrepeatable squeeze on working capital. Its desire to buy housebuilding land is in line with the latest conventional wisdom. The London City Airport, if permission to use jets comes as promptly as Mowlem expects, could prove a saleable asset.

The fact remains that Mowlem's earnings per share may be static this year and lower than they were in 1985. In that case the shares are on 15 times earnings, which makes the institutions' appetite the more perplexing. It could be that the preoccupation with longer-term recovery in construction is getting out of hand.

Stanhope

There are two ways of interpreting Stanhope's surprising£25m of provisions in yesterday's interim results. In writing down some of its project values, the company may simply have been providing for the rest of what will clearly be a terrible year. The alternative view is that Stanhope was always going to make provisions this year, but would have preferred to hang on until the year end in hopes of an upturn. In bringing forward the pain, it seems to have admitted that no such recovery is in sight.

Its position is not as desperate as Rosehaugh's, but their joint Broadgate venture is running a £40m annual deficit and might have to look for an equity investor. At the same time, Stanhope's other projects are proving hard going. The letting of Stockley Park has proved slower than expected. Finding a tenant for the Ludgate development has helped, but is no real substitute for an outright sale.

After yesterday's fall to 86p, the shares stand on a 43 per cent discount to a revised net asset value of 150p. This looks a fair reflection of the doubts that now hang over the company's ability to shrink its off-balance sheet ventures and reduce its growing cash problems. It remains a highly-geared recovery play. Later this week it should be revealed whether Rosehaugh deserves even this distinction.

Tate & Lyle

Tate & Lyle's A$290m cash bid for Bundaberg Sugar is nicely poised. While yesterday's further rejection from Bundaberg was predictable enough, it scarcely constituted a convincing defence. In the absence of a rival offer, it seems the battle has already boiled down to one of price. Unfortunately for Bundaberg's shareholders, Tate's record does not suggest that there is much in the way of a bonus to come. Speculators were left with sticky fingers when Staley was acquired in 1988; nor has Tate hesitated to walk away if the price reaches uncomfortable heights.

An increased bid would be an admission that the UK group has plenty at stake. Bundaberg offers a way into the Pacific basin, the only remaining region in which Tate has no significant presence. The half-share of a popular rum brand could be sold off to Guinness for a nice turn, leaving a business ripe for the application of new sugar processing technologies. Bundaberg produces around 18 per cent of Australia's raw sugar, trailing the dominant CSR; but CSR's lead in refined sugar is there to be attacked and there is a fast-growing regional export market.

Under the present offer Tate's gearing would rise to 92 per cent, and it has some room to increase the bid. Assuming Bundaberg makes around A$30m this year, there would be minimal dilution. Indeed, earnings might be slightly improved if the world sugar price defies predictions and comes out of its sustained depression. But Tate needs 90 per cent acceptances, which could be a problem with small shareholders controlling up to 20 per cent of Bundaberg's equity. Time for a sweetener, perhaps.

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday April 10 1991

INSIDE

Fighting over the world's ulcers

The challenge to Glaxo's Zantac ulcer treatment drug has come far earlier than the pharmaceuticals industry ever expected.The attempt by Genpharm of Canada to launch its own version of the drug has sparked what promises to be a protracted legal battle. Clive Cookson and Bernard Simon look at the challenge to Zantac and explain why the first offensive has come from Canada. Page 22

Diamonds come up trumps

Lenin has given way to Trump as the economic mentor of Endiama which has been responsible for a dramatic turnabout in the fortunes of Angola's diamond industry in the last four years. Under largely autonomous and aggressive corporate management Endiama has boosted production from 267,000 carats in 1986 to an estimated 1.4m carats in 1990. Julian Ozanne reports. Page 24

Boom to bust

Property companies are beginning to swell the ranks of the bankrupt in recession-hit Japan. High interest rates and falling prices have imposed the most ferocious squeeze on the property industry since the Second World War. Stefan Wagstyl looks at the end of a boom and examines the fears of both banks and developers. Page 19

Ikea widens US beach-head

IKEA

North America has been the graveyard for many foreign retailers' ambitions. Yet Ikea, the Swedish retailer, is hopeful of joining the select band of European companies — such as Body Shop and Benetton — that has successfully planted its flag in American soil. This week, amid much ribbon-cutting and an advertising blitz, Ikea opened it seventh US store in Long Island. Nikki Tait looks at the how the group's patient preparatory work may pay dividends. Page 18

Fried Krupp returns to profit

Fried Krupp, the diversified German steel and engineering group, returned to profit in 1990 after three difficult years of restructuring, Mr Gerhard Cromme, the chairman, said yesterday. After a loss of DM450m in 1989, the group will report a pre-tax profit of DM350m ($206.5m) for 1990 with a pre-tax profit of DM100m for Fried Krupp GmbH, said Mr Cromme at the opening of the Hanover Industry Fair. Page 16

Hitting a high note

Boosey and Hawkes, the international music publishing and instrument-making group, benefited from an increase in own-manufactured products and better financial management to report a 32 per cent improvement in profits last year. Profits for the 12 months to December 31 rose to £3.25m ($5.8m) from a previous £2.46m despite adverse currency movements. Page 22

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Asko Prf	775	+	15
Goldschmidt	713	+	13
Horten	188	+	8
Sud Chemie	625	+	20
Eurocom	907	+	22
Dream	239	+	9
Valeo	464	+	15
Falls			
Henkel Prf	552	−	6
Mercedes	547	−	13
Essilor	360	−	10
Sanofi	895	−	20

NEW YORK ($)

Rises			
Beckman	17¼	+	⅞
Biospherics	9¾	+	2½
FHP Intl	27½	+	¾
US F&G	11¾	+	1⅛
Falls			
Amgen	127¾	−	1
US Surgical	123¾	−	2½

PARIS (FFr)

Rises			
Credit Lyon	683	+	17

TOKYO (Yen)

Rises			
Chuo Paper	840	+	100
Fuji Kisen	1360	+	170
Moto Seimo	1920	+	270
Falls			
Bank of Iwate	6100	−	400
Ishihara Cons	790	−	50
Nihonbashi Wehs	1030	−	70

New York prices as at 12.30pm.

LONDON (Pence)

Rises			
Boddington	168	+	11
Boosey Hawkes	653	+	28
Conder	35	+	4
Erskine House	72	+	8
First Tech	89	+	14
Hawker Sid	580	+	16
Maxwell Comms	194½	+	9½
Mowlem (J)	355	+	12
Pilkington	198	+	4
Richards Grp	98	+	6
Rolls-Royce	174	+	6
Shandwick	108	+	7
Tiphook	465	+	18
Falls			
Paton	74	−	6
Stanhope Prop	86	−	4½
UK Land	115	−	25
Wardle Storeys	304	−	14

Pechiney beats forecast with 19% decline

By William Dawkins in Paris

PECHINEY, the French aluminium and packaging group, yesterday unveiled a 19 per cent decline in profit before exceptional gains for 1990, showing a greater-than-expected resistance to the plunge in world aluminium prices and the dollar's fall.

Mr Jean Gandois, group chairman, said Pechiney had already felt the benefit of the dollar's recovery since the start of the year and that on present trends, the fall in operating profit in 1991 should be "limited."

The state-controlled company's net profits rose 47 per cent from FFr3.3bn ($584m) in 1989 to FFr4.9bn last year, including a FFr2.7bn one-off profit from the sale of its central Paris headquarters.

Earnings also benefited from a decline in financial charges from FFr3.4bn to FFr2.5bn last year, partly reflecting the fall of the dollar in which Pechiney keeps half its borrowings.

Stripping out exceptional gains, group profits fell from FFr2.7bn to FFr2.2bn, on turnover down 13 per cent from FFr88.4bn to FFr76.8bn.

Mr Gandois pointed out that Pechiney's underlying earnings fell less than aluminium companies which, unlike the French group, had no packaging interests.

Pechiney's acquisition of American National Can three years ago turned it into the world's largest producer of metal drinks cans, so that packaging represented 38 per cent of last year's turnover and aluminium 26 per cent of sales.

Profits growth in packaging had helped Pechiney reduce the impact of a 15 per cent fall in aluminium prices over the year, compounded by a 15 per cent drop in the value of the dollar – in which aluminium is traded – he said.

The packaging division saw operating profits rise 7.6 per cent from FFr2.1bn to FFr2.2bn, while operating earnings in aluminium fell nearly 41 per cent from FFr4.1bn to FFr2.4bn, despite sustained demand upstream and continuing increases in productivity.

The group expects capacity utilisation in its European can-making plants to fall fractionally this year, because of the introduction of new capacity in the UK and northern France.

But it believes the growth outlook is strong enough to justify an increase in capacity and is planning to build a 1.2bn can per year plant near Barcelona, northern Spain.

Pechiney International, the group's 25 per cent quoted subsidiary, reported a fall in sales from FFr47.9bn to FFr43bn while its operating profits showed a decline from FFr4.3bn to FFr3.6bn.

Net profits for the subsidiary dropped 28 per cent from FFr1.2bn to FFr907m.

Ruling expected on TWA routes sale

By Nikki Tait in New York

THE US Department of Transportation is thought to be close to a ruling on the proposed sale by Trans World Airlines of its London-Heathrow routes to American Airlines.

There were some suggestions that a statement might be forthcoming yesterday morning, but by lunchtime no announcement had been made in Washington. It is also possible that any ruling would not incorporate a decision on the fate of all the routes.

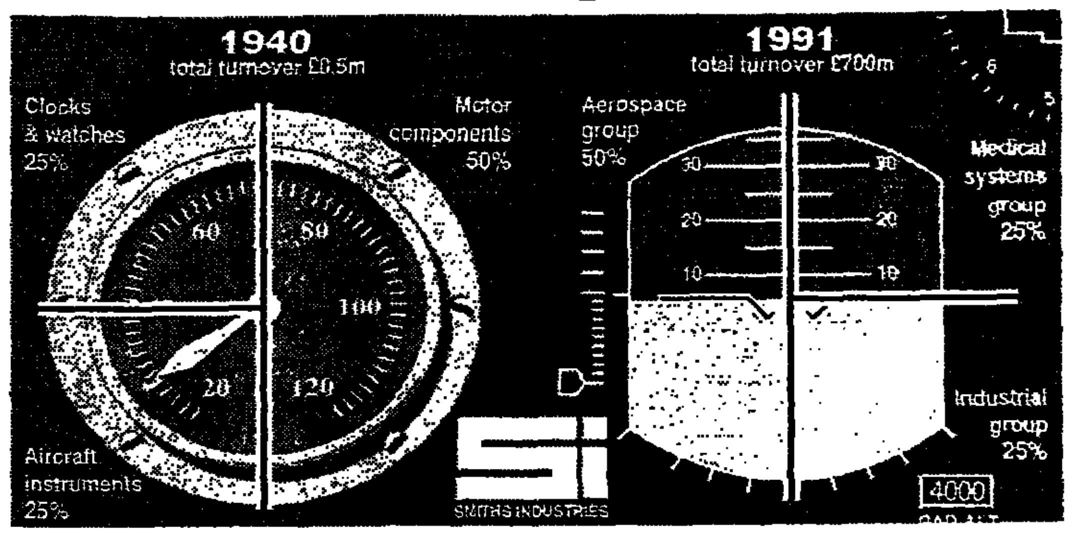
The $445m sale has proved controversial, with TWA's unions lodging opposition to the deal while TWA's owner, Mr Carl Icahn, has claimed that any delay could endanger the airline's future.

In a tentative ruling last month, the DoT suggested that the sale of three important routes – between Boston, Los Angeles, and New York – should go ahead. Two more, from Baltimore and Philadelphia, should be auctioned, while TWA should retain the route authority between London and its St Louis hub.

Since then, however, a possible bidder for TWA has emerged. Tracinda Corporation, a private company controlled by wealthy West Coast investor, Mr Kirk Kerkorian, has joined forces with the unions and said it wants to acquire the carrier provided it retains the London routes.

Tracinda would invest $250m immediately in working capital.

From clockmaker to aerospace group with £700m sales



Smiths flies high, as time goes by

Charles Leadbeater looks at an innovative deal with Boeing

Smiths Industries will break new ground in the aerospace industry today with the announcement of an order from Boeing, the US airplane manufacturer.

The UK aerospace group has won an order to provide a significant sub-system for Boeing's 777 airliner which is due to come into production in the mid-1990s. "This will take avionics into areas it has never been before," claims Mike Bridgman, managing director of the company's avionic controls systems division in Cheltenham.

Boeing is renowned for a conservative approach to technological innovation on new aircraft. Smiths is a down-to-earth company, which does not shout about the quality of its products. Yet the two groups have cooked up what could amount to a revolution in civil aircraft design, manufacture and operation.

Smiths will install a computerised system to control fuel management and electrical power distribution within the aircraft. This will replace the miles of wiring, weighing up to 1.5 tonnes, used on conventional civil aircraft.

The order is one of the biggest steps in transforming Smiths from precision instruments maker to one of the foremost avionics suppliers in the world. The key to the transformation has been its ability to harness successive waves of technology – mechanical, electro-mechanical and micro-electronic.

Smiths is a company driven by both technology and finance. It spent £108m ($191m) last year on research and development, on a turnover of just £700m. Smiths has a pile of cash – about £125m – which should soon fund a significant acquisition. It also has a pipeline of technologically sophisticated products.

But the vital question is whether the company can continue to combine its financial success and its technological inventiveness.

Smiths began life as a small London clock shop in 1851. Its reputation for making precision instruments led it into motor components, such as speedometers and then into aerospace parts such as altimeters. Its mastery of the technology behind these dials and gauges came under sustained attack in the 1970s from low-cost manufacturers in the Far East.

In 1979, it withdrew from making clocks and watches having taken a battering from its Far Eastern competitors. Four years later, the deep recession of the early 1980s claimed the motor components business which was sold to erstwhile competitors – Lucas and GKN. It has consolidated into three business areas: aerospace, health care and a clutch of small general industrial companies which have been retained for their 17 per cent operating margins.

In the last month, Smith's former colleagues in the motor components business, such as Lucas and GKN, have declared profit falls of between 8 and 31 per cent. Smiths will escape that fate when it publishes its interim results this morning.

The highly-profitable medical division has grown from the acquisition in 1950 of Portland Plastics. This has since become Portex, one of the world's leading manufacturers of disposable plastic medical devices such as catheters, with operations in Germany, France and the US. It made an operating profit last year of £26m on a turnover of £118m.

Portex is highly efficient. About 70 per cent of its output is exported and it sells more to Japan than to the National Health Service. Yet significant growth in this area is likely to depend on acquisitions – which do not come cheap.

Despite the growth in medical systems, Smiths' future will be won or lost in aerospace. The significance of the Boeing 777 order cannot be underestimated. Had Smiths not won the order, the company could have faced long-term problems.

Its lucrative contracts on the Boeing 737 are reaching their peak earning power. Smiths has also lost out to French suppliers for work on planes made by the Airbus consortium following setbacks on the flight management system for the Airbus A300/310 in the early 1980s. About 65 per cent of Smiths' turnover comes from military aircraft.

Mr Hugh Pope, retiring chairman of the aerospace division, argues that the outlook for military avionics is far from bleak. The Tornado programme is being cut back, but the company is benefiting from more orders for Hawk training aircraft. There will be more orders to update fighters by installing modern electronic systems.

The company has won large development contracts for the European Fighter Aircraft. It is confident that the plane will go into production, even if in smaller numbers than originally planned.

Yet Smiths has not escaped what Mr Derek Jackson, the managing director of the Cheltenham complex calls a "defence recession". There have been 1,200 redundancies in the UK in the last year.

Even winning alternative military orders has some risks. "You can pick up military exports and other work, but the trouble is, it is not necessarily profitable," says Mr Gerry Mortimer, director of business development. So civil aerospace will have to generate more of the company's growth than it has in the past.

This switch poses quite a challenge for a group the size of Smiths, as Mr Ray Johnstone, marketing manager for display systems, explains: "The quickening pace of technological advice is a fundamental problem for us. We have to invest more to keep abreast, while the returns are not as great as they used to be."

For the foreseeable future, it will be one test after another for Smiths. The next will be whether it can challenge Honeywell as a provider of an integrated cockpit instrument display system, using the latest flat panel technology rather than traditional cathode ray tubes.

Mr John Legg, the managing director of Smiths' flight display division is spending £1.5m a year to develop the system. He is courting Japanese consumer electronics groups which mass produce flat panel displays and is investing in OSI, a US specialist producer of the technology.

The flat panel programme is a model for how Smiths will have to develop in the next few years. Its own basic research programme is limited to £2m a year. Instead, it will develop and apply technology often acquired from other companies.

"We are systems integrators," says Mr Jackson. "Our edge is in understanding how software and hardware is used in aeroplanes, translating customer requirements into products which can be made."

Smiths will probably have to concentrate on a smaller range of avionics products. It will certainly have to work in closer alliance with international partners, for instance by expanding on the relationship it formed with US competitor Rockwell Collins during an unsuccessful bid for the 777 cockpit displays.

But the company faces these challenges in better shape than many UK manufacturing groups of its size. In its north London headquarters there are few signs of concern about the impact of the recession.

"Two years ago people were criticising us for sitting on cash rather than spending it," says Mr Roger Hurn, Smiths' chief executive. "The recession has made those voices far less strident. The recession should be a good opportunity to buy, and we hope to find some good things to pick up."

Berne commission criticises Swiss banks' lending to Omni

By William Dullforce in Geneva

SWISS BANKS have been irresponsible in lending to Mr Werner Rey's troubled parent company, Omni Holding, the Federal Banking Commission in Berne, charged yesterday.

Mr Kurt Hauri, the commission's director, said some banks had advanced credits to Omni on inadequate documentation, without properly audited reports and had not accurately reported their exposure to the commission. Banks had lent "on the name of Werner Rey".

Omni Holding, the linchpin of Mr Rey's industrial and financial empire, was granted protection from its creditors on April 3. It is trying to sell off assets under the supervision of an administrator to meet debts which a Berne civil court judge estimated at SFr1.7bn ($1.18bn).

Under Swiss regulations, banks are bound to limit unsecured credits to 20 per cent of their own capital. In the case of Omni some had exceeded the limit without telling the commission or had reported belatedly.

Mr Hauri said the commission was talking to some banks and hinted that it might take action. Risk-taking was a necessary part of banking, but not if it led to "blind hazard-taking or wildness to the point of illegality". Supervisors had to step in if a bank violated prudence, he added.

Mr Hauri did not name banks suspected of irresponsibility but said they could be counted on the fingers of one hand. He was clearly not referring to any of the three big Swiss banks: Union Bank of Switzerland, Swiss Bank Corporation and Credit Suisse.

SBC said in March that its exposure to Omni amounted to "between SFr35m and at the very worst SFr50m". However, Mr Georges Blum, general manager, also said that banks had remained "in the fog" after a meeting with Omni.

His remark was echoed yesterday by Mr Hauri who said that there was still "much obscurity in the Omni entanglement."

None of the banks concerned by Mr Hauri's criticism was under threat of a collapse, Mr Herman Bodenmann, Banking Commission chairman, stressed.

The Berne Kantonalbank was prominent in trying to organise a consortium to lend to Omni at a time when Mr Rey was trying to conclude a deal to sell a 53 per cent stake in Adia, the big employment and services group, to Comco, the Swiss subsidiary of German retailing group Asko Deutsche Kaufhaus.

Mr Rey's lawyers have since announced that he was taking action against the Neue Zürcher Zeitung, an article which, Mr Rey claims, undermined his deal with Comco.

Trump to unveil Taj Mahal deal

By Nikki Tait in New York

DONALD TRUMP, head of the heavily-indebted property and casinos group, Trump Organisation, was last night believed to have reached final agreement over a debt restructuring with holders of the Taj Mahal casino bonds.

Meanwhile, continuing financial pressure on the New York businessman's empire has prompted a radical plan to convert rooms in the luxury Plaza Hotel, another Trump asset, into condominiums. The New York Times newspaper said the conversion plan – which would need approval from the New York State Attorney General's office – could be filed within the next two months.

An outline agreement in November with investors in the Taj Mahal's $675m high-yield bond issue envisaged Trump giving up 50 per cent of the equity of the Taj Mahal to the bondholders. The Taj Mahal is the newest of the group's three Atlantic City casinos.

In return, a $47.3m interest payment on the bonds, due in November, would be added to principal outstanding; the maturity of the bonds would be extended; and the interest rate on the bonds reduced from 14 per cent to 12 per cent.

It was also envisaged that the loss-making Taj Mahal would file for a "pre-packaged" bankruptcy, under Chapter 11 of the bankruptcy code. This mechanism would facilitate the restructuring, and the casino's stay in Chapter 11 would be brief.

Yesterday morning, senior executives at Trump were locked in meetings, and the bondholders' financial advisers were also unavailable for comment. However, Taj Mahal bonds rose $⅛ to $58⅛ on the speculation.

Meanwhile, Mr Trump is reported to be considering transforming much of New York's Plaza Hotel into condominiums. The hotel, which opened in 1907 and sits at the south-west corner of Central Park, has 813 rooms – which cost anything from $175 to $1,400 a night.

The purpose of such a scheme would be to reduce group debt. Mr Trump bought the Plaza for about $400m in 1988. Since then, tens of millions of dollars have been spent on renovating the hotel.

Total to absorb OFP subsidiary

By George Graham in Paris

TOTAL, the French state-controlled oil group, plans to absorb its portfolio investment subsidiary, Omnium Financier de Paris (OFP), adding around FFr1.5bn ($262m) to its market capital.

The oil company said yesterday that it proposed to merge with OFP on the basis of nine of its own shares for four of OFP's.

OFP groups a portfolio of holdings in a variety of listed and unlisted companies, including Financière Agache, the holding company of Mr Bernard Arnault, head of the LVMH group, Bafip, the arbitrage bank, and Christian Dior, the fashion house.

The announcement provoked immediate howls of indignation on the Paris stock market, for it appears to value OFP, which is 52.5 per cent owned by Total, at 10 per cent less than its market price of FFr1,770 before its suspension on Monday.

Total officials said last night, however, that the ratio was calculated on the basis of the last 20 stock market trading sessions, rather than just the last price before suspension. They said OFP shares had risen substantially in the days preceding the suspension, partly because of the similar operation announced last week by Alcatel Alsthom on its subsidiary Générale Occidentale.

Under French company law, the merger proposal has to be approved by auditors and by shareholders' meetings of both companies to be held in June. If it is agreed, shares will automatically be converted, unlike an "Offre Publique d'Echange", where minority shareholders have the option of choosing to keep their shares.

A number of French companies have used the merger procedure in recent months, often arousing the annoyance of minority shareholders, as in the case of the absorption by Pinault, the leading French timber group, of Compagnie Française de l'Afrique Occidentale (CFAO).

Total officials calculate that OFP's net asset value of FFr2,120 per share gives a ratio of two for one when compared with Total's FFr1,055 per share.

Recent stockbrokers' reports, however, have estimated OFP's net assets at FFr2,360 per share, valuing the whole company at FFr4.7bn. The company's market value before its suspension on Monday was around FFr3.5bn.

Total also confirmed yesterday that it made net profits of FFr4.06bn last year, after a shift in accounting practice to a replacement cost method for valuing stocks, rather than its former first in, first out method.

This represents more than double 1989's profits on a comparable accounting basis.

The company said it proposed to pay a dividend of FFr28 per share, up 15 per cent from last year.

Mowlem aims to raise £45.6m with rights issue

By Maggie Urry in London

JOHN MOWLEM has become the latest UK building group to ask its shareholders for cash with a rights issue for £45.6m after expenses. Yesterday, it also reported 1990 pre-tax profits down 38.2 per cent to £34m. Despite the combination of news, its shares rose 12p to 355p.

Sir Philip Beck, chairman, said there were reasonable grounds for expecting some recovery in Mowlem's activities this year and there were opportunities for profitable expansion using the rights money. Initially, the issue will cut the gearing from 35 per cent at the year-end to 13 per cent.

The money will be used to expand the group's hire shops, buy land for the housebuilding division after two years out of the market, cover the £7m cost of extending London City Airport and make acquisitions, probably in continental Europe.

Sir Philip said he was "reasonably confident" of gaining planning permission for a longer runway at the City airport in the next three months. This would allow the use of BAe 146 jets enabling flights to more European destinations.

The issue is a 1-for-5 at a price of 265p. Mowlem plans to maintain its 15.35p final dividend to give an unchanged total of 21p, requiring a £3.2m transfer from reserves.

The full year pre-tax profit result follows a 20 per cent fall at the interim stage to £18m. Profits of £55m in 1989 were before an exceptional charge of £33m covering a write-down of the City Airport investment and expected losses.

Group turnover was 16.6 per cent higher at £1.52bn, but operating profits fell 44.2 per cent to £37.3m. The interest charge was £3.9m (£13.1m).

Mowlem has long-term debt at 11½ per cent and was able to invest spare cash at rates sometimes above 15 per cent. Earnings per share were 24.1p compared with 46.5p excluding the exceptional item or 14.6p including that.

Scaffolding and contracting profits were unchanged on a pre-tax basis, Sir Philip said.

Spanish Finance Ministry replaces Tabacalera head

By Peter Bruce in Madrid

MR MIGUEL Angel del Valle-Inclan, president of the large Spanish tobacco group Tabacalera, has been forced out of office in what appears to be the climax of a political confrontation with the Finance Ministry, which controls 52 per cent of the company.

A Finance Ministry spokesman yesterday confirmed that Mr del Valle-Inclan, who has been running Tabacalera for just over two years, would be replaced at an extraordinary shareholders' meeting tomorrow by Mr German Calvillo Urabayen, president of Fomento de Comercio Exterior (Focoex). Focoex promotes Spanish exports and is ultimately controlled by the Finance Ministry and the Industry Ministry.

Rumours of tension between Mr del Valle-Inclan and the Direccion General del Patrimonio (the Finance Ministry holding company that also controls Telefonica) first surfaced last year but have never been explained. In his two years in office, Mr del Valle-Inclan began wide-reaching restructuring of the Tabacalera group following its disastrous attempts in 1987 to copy other tobacco groups and diversify.

Tabacalera's distribution monopoly in tobacco fell away after Spain entered the European Community in 1986. Although its control of the market remains almost total, the company bought a string of foods businesses, mainly from other state institutions, to try to spread its business risk. Many of the companies turned out to be loss-makers, however, and in the past few months Tabacalera has sold five food retailing and production subsidiaries and is currently trying to offload its loss-making dairy group, Lesa.

Some 25 per cent of Tabacalera is held by foreign shareholders, and the markets had begun to reward Mr del Valle-Inclan's disposals with a recovery in share prices. He had planned to hold on to the five Nabisco business in Spain and Portugal bought for $53m in 1989 and to merge them with the meat processing group Carcesa, one of the few profitable companies it bought from the state.

He planned to convert Tabacalera into a holding company, possibly to be privatised in 1994, with interests in tobacco, foods, distribution and financial services in insurance and property.

Good sales of Virginia tobacco, investment in a modern cigarette plant in Cadiz and falling raw material costs, meanwhile, helped boost parent company pre-tax profits 17 per cent to Pta 16.5bn ($159m) last year. Although analysts were taken by surprise by Mr del Valle-Inclan's removal, they expected corporate strategy to remain largely unchanged.

Laird down on weak demand

By David Owen in London

LAIRD GROUP, the car parts, building products and packaging company, has suffered an 11 per cent decline in annual profits as start-up costs for new manufacturing plants and weak demand for some products in France and the UK took their toll.

Pre-tax profits for the year to December 31 fell to £38.88m ($68m), compared with £43.68m in the year before, on turnover fractionally ahead at £488m, against £487.3m.

In spite of the decline and the prospect of a hard year in store, the shares – which have climbed from a low point of 154p in January – edged ahead a further 2p to 233p.

"Our view is that in earnings terms, 1991 will be difficult, but that in business terms the business is in quite good shape," said Mr Ian Arnott, finance director.

The company, which sold substantially all of its original mechanical engineering businesses during the course of the 1980s, attributed last year's downturn to: start-up and personnel training costs amounting to more than £3m in Spain, the US and Germany; a fall in overall profitability in France due to a drop in demand; and depressed conditions in the UK construction industry.

Fried Krupp returns to profit

By David Goodhart in Bonn

FRIED KRUPP, Germany's diversified steel and engineering group, returned to profit in 1990 after three difficult years of restructuring, Mr Gerhard Cromme, the chairman, said yesterday.

After a loss of DM450m in 1989, the group will report a pre-tax profit of DM350m ($206.5m) for 1990 with a pre-tax profit of DM100m for Fried Krupp GMBH, said Mr Cromme at the opening of the Hanover Industry Fair.

The company's capital structure has been markedly improved and debts reduced by a further DM650m.

Over the past few years Krupp has suffered from serious weaknesses in its steel and plant building subsidiaries, gone through a series of senior management changes and been the subject of repeated takeover speculation, usually centred on the Iranian government's 25 per cent stake. Most of the rest of the company is owned by a private trust.

Thanks to the sale or closure of several loss-making companies and the sale of half of the trading division to the Lonrho group, orders and sales were both down in 1990, orders to DM15.4bn (16.9bn) and sales to DM15.8bn (16.4bn). The plant building division still made losses, but they were sharply reduced.

● Thyssen reported that sales in the first five months had risen 6 per cent to DM14.4bn, but repeated that earnings in the current year were likely to be down on last year's. The company is investing DM5.8bn, of which DM780m is going on a new steel furnace at its Duisburg works.

● MAN said that buoyant demand from east Germany had helped its truck division increase orders by 44 per cent in the first nine months of 1990-1991. Incoming orders increased to DM6bn despite a fall in orders from some other European countries, and sales for the year are expected to top DM5.7bn.

● Mannesmann's 1990 sales have increased slightly to DM24bn. The company also reported some progress in the key negotiations with the state-owned Telekom over leased lines for Mannesmann's private sector digital mobile phone network. The Bundespost has rejected Telekom's offer as too high. A decision on the price that Mannesmann must pay, crucial to profitability, is expected at the end of June.

RWE reports sales up 9% to DM36.3bn

By David Goodhart

RWE, the German diversified utility, yesterday reported a 9 per cent increase in sales to DM36.3bn ($21.42bn) for the first nine months of the year and said it expected a "clear" increase in earnings at the year's end.

Earnings rose by DM40m in the first six months, and Mr Friedhelm Gieske, chairman, said that the dividend decision "would not disappoint".

He also announced that subsidiary Rheinbraun hopes to take a 50 per cent stake in the Dupont-owned Consolidated Coal Company, the second biggest US coal producer.

Mr Gieske said the restructuring of the east German electricity supply industry – being undertaken jointly with Preussen Elektra and Bayernwerk – was running to plan.

However, energy division sales fell slightly over the first six months to DM14bn and sales fell nearly 5 per cent in the machine building division.

Mr Gieske stressed that "strengthened internationalisation" remained a top priority. In the current year RWE has acquired the US waste management group ENSR.

BHF operating income drops 16% to DM245m

By Katharine Campbell in Frankfurt

THE BERLINER Handels-und Frankfurter Bank, the Frankfurt-based merchant bank, reported a slight drop in total operating profits last year after difficult trading conditions and write-downs on securities holdings.

However, group partial operating profits, which exclude proceeds from the bank's own account trading, rose 16.4 per cent to DM245m ($144.6m). At parent level, the corresponding figure grew 19.3 per cent to DM187m.

Mr Klaus Subjetzki, managing partner, pointed out that, for the first time for a number of years, profits growth had comfortably exceeded the increase in new business volume. The dividend stays constant at DM12.

Group net interest income grew 14.3 per cent to DM453.7m, while fee income was up 8.9 per cent to DM247.3m. The improvement in interest income resulted from both a widening in international lending margins and more lending opportunities, as other, primarily US and Japanese, banks, scaled back.

Fee income was boosted largely by a series of new equity issues, which helped to counterbalance static earnings from trade finance and lower securities market turnover.

Business volumes increased this year, but there were "certain tensions" in earnings, BHF said, leaving the bank to look forward to the rest of the year with "cautious optimism".

Meanwhile, Mr Subjetzki said he expected an investigation by the Frankfurt prosecutors concerning the bank's prospectus for two D-Mark Eurobonds issued on behalf of the Australian Bond Finance would soon be dropped.

BHF led two bond issues in 1988 for an arm of Alan Bond's now collapsed empire. Bond Finance defaulted on payments last October. A German investor protection group has alleged that BHF omitted certain financial information from the prospectus.

Marzotto sees net profits slip by 9.7%

By Haig Simonian in Milan

MARZOTTO, Italy's biggest textiles and clothing group, reported a 9.7 per cent drop in consolidated net profits to L45.4bn ($38.25m) in 1990 from L50.3bn in 1989, due largely to difficulties in the threads sector where operating earnings plunged by L13.8bn.

Mr Pietro Marzotto, chairman, said the group suffered from the twin blights currently affecting much Italian industry, relatively high cost rises compared with foreign competitors and the strength of the lira. However, it is raising its dividend by L30 to L350, L370 and L410 for ordinary, convertible, and non-convertible savings shares respectively.

Foreign sales edged up to L407.2bn from L398bn in 1989, meaning exports accounted for 28.3 per cent of group turnover against 27.1 per cent in 1989. Overall group sales fell by 2.2 per cent to L1,437bn last year from L1,469 in 1989.

Mr Marzotto forecast a mixed outlook for the year.

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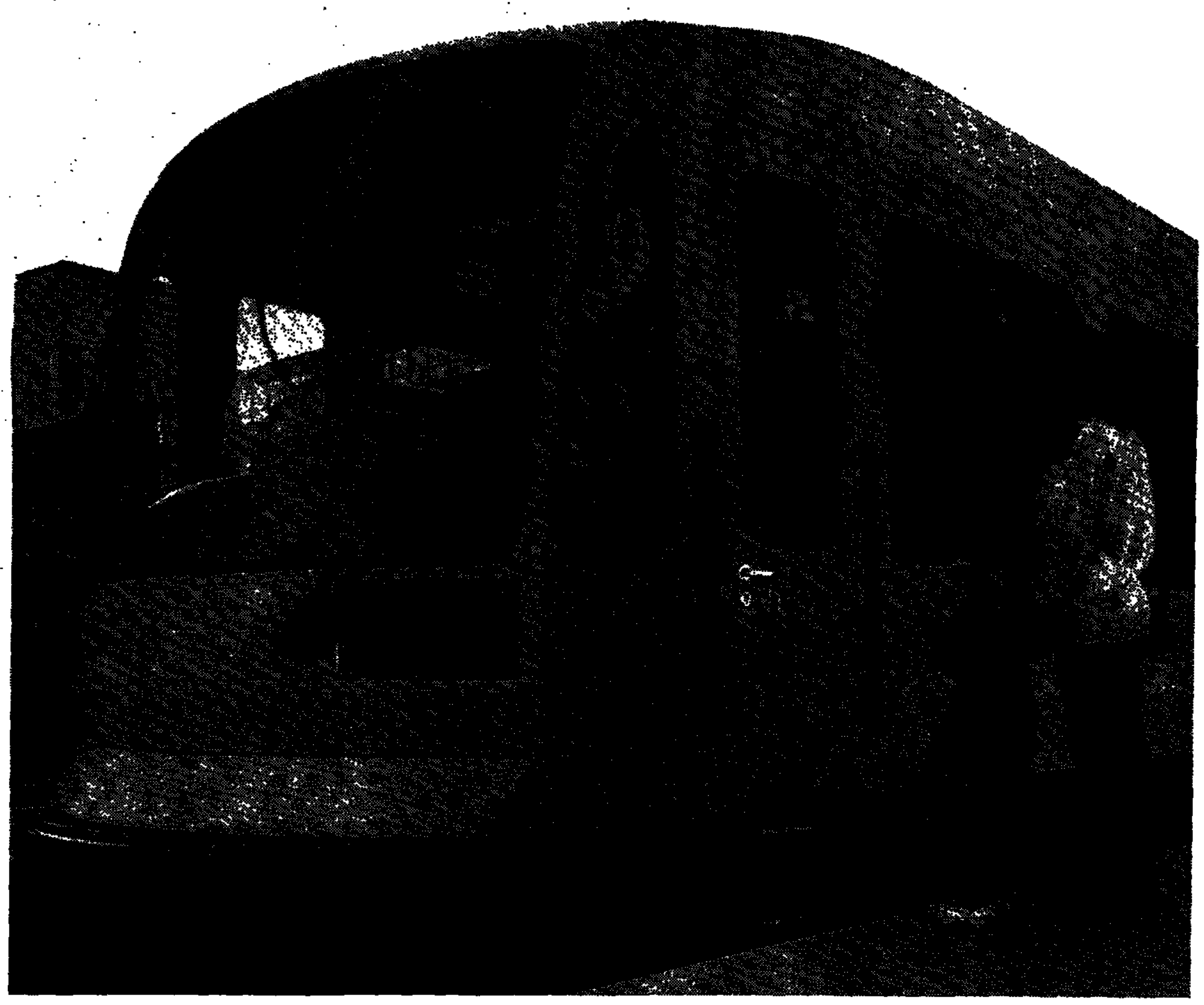

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Chrysler in deal with CLS over distribution in Europe

By Andrew Baxter in London

CHRYSLER of the US is handing over the European distribution of replacement parts to a small subsidiary of Caterpillar in a move that underlines the growing importance of high-quality distribution to companies building a pan-European presence.

The deal is the most comprehensive to date for Caterpillar Logistics Services, formed by the US construction equipment group in 1987 to handle distribution for other companies by "leveraging off" Caterpillar's expertise in product support.

Chrysler said the agreement was another key component of its expansion into the European and middle eastern markets, which began in 1988. The deal also covers Africa.

Starting early next month, CLS will order Chrysler parts for shipment from the US, warehouse them in a 90,000-sq ft facility near Brussels, and distribute them to 30 countries.

Distributors in the three regions currently receive their parts from centres in Michigan and Wisconsin.

Terms of the deal were not disclosed, but Mr Steven Wunning, CLS vice-president, said the agreement was a long-term relationship. CLS would announce a further significant deal soon.

CLS, whose clients range from Land Rover Parts of the UK to BeautyWare Plumbing Products of Florida, has notched up annual sales growth of 30 per cent or more and employs more than 300, split roughly between the US and Europe.

The company sees good growth prospects on both continents, but especially in Europe. This is partly due to the "1992 effect" and the need for distribution to be reorganised on a pan-European basis, but also because the third-party concept is more familiar to European companies.

For Chrysler, the new distribution arrangements will be particularly useful when production of mini-vans begins later this year at Eurostar, a Graz-based joint venture with Austria's Steyr Daimler Puch.

Hasbro extends its $470m offer for Tonka

By Karen Zagor in New York

HASBRO, the biggest US toymaker which has offered $470m to acquire Tonka, maker of Play-doh and Tonka trucks, yesterday said it would extend its offer until Saturday, but it could not be extended much longer.

Hasbro, which offered Tonka common stock holders $7 a share for their issues, said about 13.5m or 90 per cent of the common stock had been tendered to date. Hasbro needed only 51 per cent of the stock for the deal to go ahead.

But a large number of bondholders believed they were given short shrift in the deal and have not tendered. Hasbro has offered 80 cents on the dollar for $192m outstanding of Tonka's 16¼ per cent series A subordinated debentures and 75 cents on the dollar for the $130m outstanding Tonka 17¼ per cent series B subordinated debentures.

To date, only $28.3m principal amount of series A debentures and $26.8m principal amount of series B debentures have been tendered. Under the terms of Hasbro's offer, Hasbro needs 90 per cent of the principal amount of each series.

Mr Gary Hassenfeld, Hasbro's chairman and chief executive, said: "We consider the $470m offered for Tonka's business to be a full and fair price and we do not intend to pay more than $470m for the business. If all of the parties can quickly agree on a restructuring of our $470m offer so as to obtain the participation of the debenture holders, we would be willing to modify our offer accordingly.

"We believe that Hasbro's cash offer is clearly superior to any of the alternatives facing Tonka upon the termination of our offer, including bankruptcy, the piecemeal sale of assets or debt restructuring," he added.

In March, Tonka turned in a surprisingly large fourth-quarter net loss of $18.5m, or $1.27 a share, and predicted a loss for the 1991 first-quarter.

Shares in Tonka fell $⅜ to $5¾ yesterday morning while Hasbro's issues lost $⅜ to $24.

Telebras profits climbs 82%

By Victoria Griffith in Sao Paulo

TELEBRAS, the Brazilian state-owned telecommunications group, yesterday announced an 82 per cent increase in real net profits to NCrz115bn (US$410m at current unofficial rates) for 1990, up from an inflation-adjusted NCrz62bn a year earlier.

The group put the rise down to a lower inflation rate and a cost-cutting programme which slashed 3,037 employees from the pay roll.

Telebras invested $2.1bn last year, most of which was used to install 507,000 telephone terminals. It also invested in exchange improvements, which led to a fall in congestion rates to 24 per cent from 31 per cent in 1989. As a result, telephone use picked up significantly – local calls registered a 7 per cent increase and long-distance calls 16 per cent.

The group billed a total of NCrz109bn in telephone charges up from an inflation-adjusted NCrz65bn. It benefited from a large non-operational gain resulting from sign-on fees for new users of almost NCrz9bn and profits on investments of NCrz7bn.

Strong profits allowed Telebras to declare a dividend of NCrz0.038 ($0.014) for 1990, a real increase of 53 per cent on the previous year.

A generous allowance for price increases on telephone calls, authorised by the Brazilian government several months ago, was also good news for the group, which expects 1991 to be an extremely profitable year.

Les Cooperants to sell minority holding

By Robert Gibbens in Montreal

LES COOPERANTS, a large Montreal-based financial services group, plans to sell a minority holding in its main licensed insurance subsidiary to France's Caisse Nationale de Prevoyance.

The first step will be to convert Les Cooperants from a mutual into a joint stock company. The French company would then effectively put in new capital to support expansion, mainly in the US.

Caisse Nationale is owned by a French government agency, the Caisse des Depots.

● SNC Group, one of Canada's two biggest engineering groups, is buying Ginge-Kerr of Copenhagen, a leading supplier of industrial and marine fire control systems, for cash.

The Danish company, with annual sales of about C$25m, specialises in control systems for offshore oil and gas equipment.

It will complement Securiplex, a former British company acquired by SNC three years ago and which specialises in industrial and marine electronic fire control systems.

● SAMMI group of South Korea is raising the capacity of its electric furnace plant at Tracy, near Montreal, from 80,000 tonnes yearly to 300,000 tonnes in a C$500m (US$434.7m) four-year programme.

The plant was built 25 years ago by Atlas Steels, then controlled by Britain's RTZ group.

RTZ sold Atlas Steels nearly two years ago to Sammi for C$250m.

Atlas then had annual sales of nearly C$500m and was profitable, but RTZ decided its Canadian arm, Rio Algom, should concentrate on its extensive mining interests.

Sammi, in expanding the Tracy plant, is benefitting from Quebec's low electricity rates.

Dow Jones hit by fall in advertising

By Martin Dickson in New York

DOW Jones, the publisher of the Wall Street Journal, has reported a 27.8 per cent drop in first-quarter net income, which it has blamed largely on lower advertising revenues.

Net income totalled $17.96m, or 18 cents a share, compared with $24.87m, or 25 cents, in the same period last year. Consolidate operating income dropped 24.5 per cent to $46.85m, while revenues were off 2.4 per cent at $416.6m.

Mr Peter Kann, president, said reduced advertising in the Wall Street Journal and other company publications reflected the national economic slowdown and an advertising retrenchment during the Gulf war – conditions which were faced by most newspaper and magazine publishers around the country.

Operating income in the group's business publications operation, which includes the weekly newspaper Barron's, fell 61.8 per cent to $10.03m on revenues down 9 per cent at $172.31m. Advertising lineage at the Wall Street Journal dropped 21.2 per cent, with one less issue of the Journal published in this year's quarter than last. On a like-for-like basis, Journal lineage dropped 20 per cent.

However, the information services operation, which includes Telerate, the electronic financial news business, produced operating income of $38.18m, up 6.8 per cent, on revenue 4.4 per cent ahead at $192.4m. Telerate, acquired by the company a year ago, produced strong results in its overseas operations, the company said. This was mainly from basic business growth, rather than currency effects.

Operating income at Ottaway Newspapers, the company's local newspaper division, fell 39.6 per cent to $2.7m on revenues down 2.8 per cent to $51.9m. Advertising lineage at Ottaway dropped 11.4 per cent.

US corporate bond defaults at record high

By Patrick Harverson in New York

A COMBINATION of the recession, deteriorating consumer confidence and weak earnings in the retail, homebuilding and airline industries pushed US corporate bond defaults to a record high in the first quarter of 1991, Moody's Investors Service, the debt rating agency, said.

According to Moody's, 32 companies missed payments on $8.2bn of high yield, or "junk", bonds in the first three months of 1991, compared with the 19 companies who defaulted on $5.7bn of debt in the same period last year.

The airline industry was responsible for the biggest defaults as rising fuel costs and a sharp drop in passengers in the wake of the Gulf war put debt-laden carriers into deeper trouble.

Pan Am defaulted on an estimated $1.1bn in bonds, TWA on $465m, and Midway on $11.3m.

Two-thirds of the airline industry's $3.2bn in speculative grade debt is now in default as a result of the recently-missed payment deadlines.

One new carrier has already defaulted this quarter: Metro Airlines missed payments on $18m worth of bonds on April 1.

If defaults continue at their current rate, 1991 will be the worst year on record for missed bond payments.

As ratings of high-yield debt continue to weaken, only a strong recovery in the economy and asset values and a new emphasis on curtailing high leveraging, will cut bond default rates to pre-1989 levels, the debt rating agency said.

Ikea homes in on the US market

Nikki Tait on a store hoping to transplant a Swedish retail concept

AMERICA has been the graveyard for many foreign retailers' ambitions.

From Britain alone, names such as Laura Ashley and Sock Shop have come to grief on US soil, while overseas management of US retail chains has been equally fraught – witness, Marks & Spencer's experience with Brooks Brothers, the up-market men's clothing business.

Only a sprinkling of concerns, such as Benetton and Body Shop, stand out as examples of companies which have recently transplanted a retail concept from their domestic markets to the US with some success.

But is Ikea, the Swedish retailer, about to join the list of winners? Last month, amid much ribbon-cutting and an advertising blitz, the Stockholm-based furniture and home-furnishings chain opened it seventh US store in Hicksville, Long Island.

The 226,000-sq ft outlet follows two openings last year, in California and New Jersey. At least one further site, near Los Angeles, has been lined up for 1992. According to Ikea, sales in the US are growing at 30 per cent a year and should reach around $250m this year. In short, the US has become Ikea's fastest market for expansion.

Yet – superficially at least – the timing seems less than fortuitous. Despite the success of some niche chains, the US retail market is in a dreadful state, awash with price-cutting and recalcitrant consumers.

Analysts at Salomon Brothers, for example, estimate consumer spending will remain virtually flat this year. A modest 2 to 2.5 per cent increase, they add, is the most that can be expected in 1992.

Furniture, moreover, is at the sharp end. Home starts in the US declined steadily throughout 1990, and although there was a revival in February, the monthly figure was still down by a third on the same month in 1990.

Meanwhile, the American Furniture Manufacturers Association estimates that domestic furniture makers shipped around $15.2bn-worth of upholstered and "case" goods last year (at wholesale prices), a statistic which has been static for three years.

> "It's a very competitive retail climate. Capacity outgrew population in the eighties.
> "But what's still true is that people like to take care of their homes.
> "The need for products won't change".

All this, however, is fully acknowledged by Ikea. "It would be wrong to say that's not a concern," commented Mr Göran Carstedt, head of Ikea's US operations. "It's a very competitive retail climate. Capacity outgrew population in the eighties. But what's still true is that people like to take care of their homes. The need for products won't change".

A few things, at least, are on the Swedish company's side. For a start, Ikea's pitch has always been to the price-conscious, if stylish, consumer. Sofas, for example, start at $200 and furnishings for an entire bed-sitting room, including bookcases and coffee tables, are advertised at $658.

Its competition, too, is highly fragmented; there are reckoned to be hundreds of thousands of furniture retailers in the US and virtually no national chains. Even so, local competitors can be vicious. Seaman's, which is New York-based, chose to have a 24-hour promotion on the day the Long Island store opened.

Moreover, Ikea cannot be accused of rushing its fences. It opened its first store in Philadelphia in 1985 and has spent a good five years in what Mr Carstedt calls "a preparation stage".

Only recently has the rate of expansion increased – "the second step" – and the retailer is still concentrating on the densely-populated east coast and west coast markets.

Although Ikea denies having firm plans, the next stage is likely to be a push into both San Francisco and Boston. Already, support staff are organised in two separate head offices on the respective coasts.

Meanwhile, a steady build-up of domestic suppliers has been part of the groundwork, so that 30 per cent of US sales are sourced in the US.

Certainly, the distinctive Ikea style of retailing makes few concessions to the US consumer, although by carefully siting stores in more suburban communities, the cultural differences may be muted. The Long Island outlet, brightly clad in blue and yellow paint, but still stripped down to resemble a warehouse inside, is similar to ones in London or Paris.

Much of the merchandise is flat-packed, and the canny funnelling of customers through upper level showrooms, before they can start buying goods on the ground floor, is standard in all locations.

So far, the reception seems favourable. New Yorkers, never the most long-suffering of customers, have complained about stock shortages in the New Jersey store, but seem to find the cheery approach, the speed of delivery, and the accompanying services – from strollers to children's playrooms – extremely welcome.

"I think we've got a lot to learn," remarked the American Furniture Manufacturers Association.

And, at the end of the day, the potential of the market just beckons. "There are 18m people in New York," said Mr Carstedt, pointing out that this is more than the populations of Sweden, Norway and Finland combined.

Add on California's 24m citizens, and even the cautious Mr Carstedt looks a little excited.

Sears, Roebuck to open 42% fewer stores

By Barbara Durr in Chicago

SEARS, Roebuck, struggling to keep its title as the world's largest retailer, will open 42 per cent fewer stores this year than last.

The company has been revamping its merchandising division for three years, but so far without it being reflected in positive results on the bottom line. Sears, Roebuck announced locations for 26 new or relocated multi-line stores in 1991, down from 45 new store openings in 1990.

Mr Edward Brennan, the company' chairman, has been trying to cut the core merchandise group's costs to make it more competitive.

A programme, including the elimination of 35,000 jobs by the end of this year, aims to slice $600m at the pre-tax level off 1991 expenses.

Sears, Roebuck operated 863 stores in all US states and Puerto Rico last year.

The merchandise group's 1990 income was down by 36 per cent to $412.6m – before a $155.2m restructuring charge related primarily to severance plans – from $646.9m in 1989. Sales grew by a meagre 1.2 per cent last year.

INTERNATIONAL COMPANIES AND FINANCE

Japan's banks offer property lifeline

Stefan Wagstyl on bankruptcies and bail-outs in a struggling sector

A YEAR ago, property agents in Japan were posting leaflets through letter-boxes asking land-owners whether they had any unwanted sites to sell. Today, the agents pin fly-sheets to lamp-posts in a desperate hunt for buyers.

A combination of high interest rates and flat or falling prices has imposed the most ferocious squeeze on the industry since the Second World War. Property companies are beginning to swell the ranks of the bankrupt. Some groups are surviving only with the help of the bankers.

"I've been involved in the real estate business for 40 years, but I've never experienced a situation as severe as now," says Mr Yukio Sato, founder and chairman of Dai-Ichi Real Estate, which, with debts of Y1,300bn ($9.47bn), is one of the largest of Japan's financially-troubled property companies.

The question is, how long can the recession last? Some developers believe they can already see light at the end of the tunnel, arguing that for every distressed seller there is a buyer looking for a bargain. But others say that the late 1980s boom will take a lot longer to work itself out.

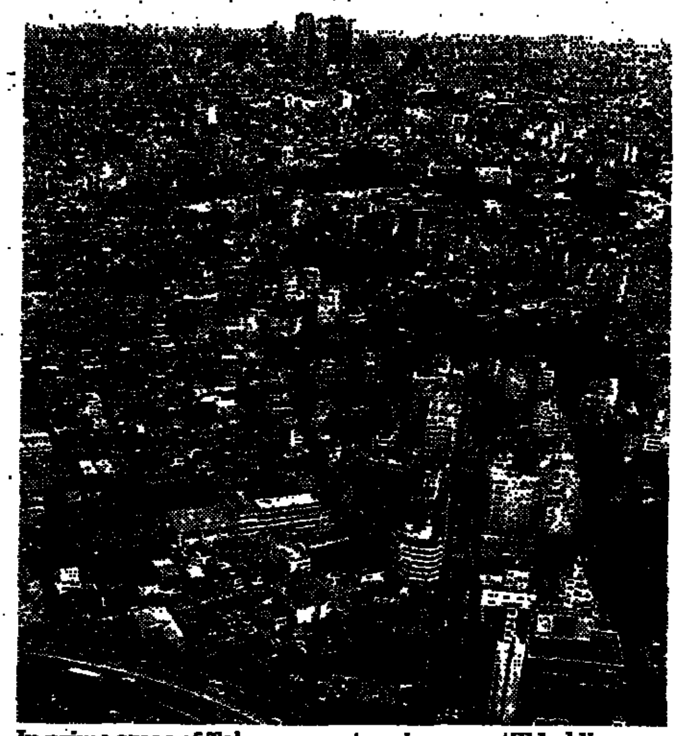
The property market in Japan, as elsewhere, is not one market but many. While recession has gripped most corners of the industry its effects vary greatly as does its impact on individual companies.

Accurate price data are hard to come by. The government's National Land Agency reported last month that prices in 1990 rose 11 per cent nationwide, including 7 per cent gains in Tokyo and in Osaka. The official figures tend to lag the market and to understate price changes. But they do show that the boom in prices which started in Tokyo, then spread to Osaka and last year reached outlying regions, is now well and truly over.

In Tokyo and Osaka, which account for the lion's share of the market, real estate agents report a varied picture, with prices barely moving in some prime parts of Tokyo and plunging by as much as 30 per cent in some non-prime districts in Osaka.

In the commercial district of central Tokyo prices have fallen very little, if at all. Mitsubishi Real Estate says that a decline of even only 10 per cent would produce a stream of buyers. In central Osaka, property brokers report a similar picture though with somewhat more evidence of weakness than in Tokyo.

However, one reason why prices are holding up in prime areas is that transactions, never very common, have virtually disappeared. Demand remains very firm, with vacancy rates for top-class office buildings of 0.2 per cent in Tokyo and 0.6 per cent in Japan as a whole. The amount of new office space coming on to the Tokyo market in the next five years is about double the total for 1985-90.



In prime areas of Tokyo property prices are still holding up

At the other extreme the prices of secondhand flats have fallen by some 40 per cent from their peaks in parts of Osaka and by 30 per cent in Tokyo. However, this is the most volatile and most liquid segment of the market – exaggerating both upswings and downswings. More new flats are coming on to the market, but prices have already been marked down in response to the glut.

The residential land market, even in central areas, is much weaker than the commercial market, since it attracted more speculative buyers at the height of the boom – because individual owners of residential land were more willing to sell than the corporate owners of commercial land.

The speculators are now being forced to sell out. Goldman Sachs, the US investment bank, estimates that residential land prices could fall a further 10 per cent in Tokyo – having already fallen 10 per cent – and 10 to 30 per cent in Osaka. By contrast, the broker believes prime commercial land will stay firm though non-prime prices could fall up to 30 per cent.

A survey by Yasuda Trust and Banking, a leading trust bank, came to a similar conclusion – further declines of 5 to 10 per cent in Tokyo, and 15 to 20 per cent in Osaka.

"We will not see any dramatic falls in land values in Tokyo but the real estate market will be sluggish until the end of the year," says Mr Mutsuo Terauchi, a Yasuda Trust director. "In regional areas, particularly in the Osaka region, the drop will be savage but quick."

One sign which indicates the bottom of the market could be in sight comes from the market for golf club memberships, which reflects underlying land values. According to an index produced by the Japanese newspaper Nihon Keizai Shimbun, prices have risen by 4 per cent from lows at the end of 1990. Also in the stock market, the Nikkei index of listed property companies has risen 40 per cent from its low last year, compared with a 30 per cent increase in equities in general.

Even if land prices now follow stocks and golf clubs, it will be a long time before the accumulated burden of debt and properties bought at over-priced levels is sloughed off the market. Government plans for a land holding tax are also making buyers wary. Mr Terauchi sees "the present difficult conditions" persisting for at least another two years.

The cost of a long drawn-out recession will weigh heavily on over-borrowed companies and on their lenders. As the surge in prices in the late 1980s was fuelled by borrowed money, so a sharp decline in lending has been largely responsible for bringing the boom to a halt. Pressure from the Ministry of Finance and the Bank of Japan restrained first banks and subsequently non-bank finance companies.

The figures seem colossal – banks lent Y22,000bn to property companies in the five years to 1990. Non-banks may have lent around Y10,000bn, although they do not disclose data. However, the combined Y32,000bn sum pales in comparison with the total estimated value of Japanese property which is Y2,200,000bn. Salomon Brothers, the US investment bank, estimates that no more than 10 per cent of urban land was bought and sold in 1986-90. Moreover, there are some 46,000 property developers and brokers in Japan, so the risks are well spread.

But if the danger of a general financial crisis is small, there is still plenty of scope for difficulties at individual companies and their creditors. Mikuni, a credit rating agency, estimates that corporate bankruptcies will rise from Y1,900bn last year to Y4,000bn to Y5,000bn in 1991 and Y10,000bn a year for 1992-94. "That is what the aftermath of a bubble looks like," says Mr Akio Mikuni, the president.

Problems are concentrated among those developers which borrowed a lot and got into the market late. For example, the two largest property-related bankruptcies this year were those of Nanatomi, which owed Y300bn, and Aoyama Development, which had debts of Y140bn. Nanatomi started investing in property only in 1986 and Aoyama in 1987.

Some speculative investors are simply too big to be allowed to go bust and are being bailed out by their creditors. In return, they are having to sell assets as fast as they can in a weak market. BZW, the UK securities company, estimates from newspaper reports that large companies alone want to unload assets worth Y1,100bn.

Bankers are particularly worried about five large big groups – Azabu, a property and stock market investment company which has debts of around Y500bn; Itoman, a trading company which borrowed Y1,300bn and is now being bailed out by Sumitomo Bank; EIE International, a company with extensive investments overseas as well as in Japan – it owes about Y500bn and is being bailed out by the Long Term Credit Bank; Dai-Ichi Real Estate; and Shuwa, a property and stock market investment company, which has secured emergency funds from Daiei, a supermarket group.

So far, the banks have stood the strain. Under the guidance of the Ministry of Finance, big banks are taking over small banks which run into trouble, as Tokai Bank did with Sanwa Shinkin Bank, a small Tokyo bank, last month. No one knows whether a large bank will need a rescue. As Mr Mikuni says: "So far, Sumitomo has only one Itoman, LTCB has one EIE and so on. What happens when one bank has more of such problems?"

The Bank of Japan declines to say whether it would save a big bank from collapse. But the whole tradition of hands-on regulation in Japan leaves little room for doubt that in the last analysis the authorities would intervene.

Hongkong Bank cuts stake in Cathay

By John Elliott in Hong Kong

HSBC Holdings, the recently-created, London-incorporated holding company of the Hongkong and Shanghai Banking Corporation, has reduced its stake in Cathay Pacific Airways, Hong Kong's international air carrier, from 16.58 per cent to 13.78 per cent.

Its indirectly-held subsidiary, Fort Hall, has sold 80m shares to Hysan Development, a Hong Kong-based property development company, for HK$8.58 a share in cash, yielding the bank HK$686m.

Hysan has had a 2.3 per cent stake in Cathay Pacific, which is part of the Swire Pacific group, for five years and now has 5.1 per cent. The shares will be held by Hysan itself or a wholly-owned subsidiary.

The sale is part of a gradual disposal by the Hongkong Bank of investments outside its core business of financial services. The bank first invested in Cathay 20 years ago to boost the airline's expansion. Analysts assume that it will now try to find buyers for its remaining 13.78 per cent, but the bank refused to confirm this yesterday.

Swire Pacific has a 51.8 per cent stake in Cathay. The other main shareholder is the Hong Kong offshoot of Peking-controlled China International Trust and Investment Corporation which has 12.5 per cent.

Two weeks ago, Cathay announced attributable profits of HK$2.995bn ($384m) in 1990, from HK$3.32bn a year earlier. Turnover rose 14.7 per cent to HK$19.8bn.

Hopewell gains 21% mid-way

HOPEWELL Holdings, the Hong Kong property and construction company, has increased net profits by 21 per cent from HK$298m to HK$361m, helped by rental income and the sale of one of its properties, AP-DJ reports from Hong Kong.

Earnings per share rose to 24 cents from 20 cents a year earlier, while turnover edged down 1 per cent to HK717m from HK727m.

The group proposed an interim dividend of 12 cents, up from 11 cents.

INTERNATIONAL CAPITAL MARKETS

Italian group buys majority of US broker

By Haig Simonian in Milan

ISTITUTO Mobiliare Italiano (IMI), the Rome-based investment banking and financial services group, is buying a 51 per cent stake in Mabon Nugent, the US securities firm.

This is the first significant acquisition by an Italian company in the US financial sector since Banca Commerciale Italiana's failed bid for Irving Trust in 1988.

The purchase, which follows many months of talks between the two sides, gives IMI the option to raise its stake to 100 per cent within the next six years. However, some shares will probably be made available for senior US management.

Mabon Nugent is a medium-sized broker with about 20 partners and 650 employees. Based in New York, it also has offices in Boston and London, where it is active as an inter-dealer broker in UK equities and on the Eurobond market.

Domestically, it is well-known for equity research, particularly in entertainment and media stocks, and for corporate bond trading.

No price for the deal has been officially disclosed, but it is believed that IMI is paying around $25m for its initial stake.

The deal represents an important step in IMI's plans to develop a full-scale international investment banking and broking business.

Although one of the biggest investment managers and financial intermediaries in Italy, its international activities have been developed in the past four years and are still in the expansion phase.

The group now has investment banking and broking activities in London, Frankfurt and Luxembourg, and last year it set up a joint venture investment management operation with Invesco MIM, the London-based fund management group. In New York, IMI's presence has so far been limited to a small securities company specialising in Italian equities and some US securities.

According to Mr Giorgio Questa, the managing director of IMI's international operations, the latest acquisition will "provide a strong US presence, which is absolutely essential to the US market as such, and to integrate our entire international operations further".

The IMI group, owned by the Italian Treasury and public and private-sector banks and insurance companies, is widely seen as one of the strongest and best-managed of the country's often patchy public-sector financial institutions.

Its own future is under discussion amid conflicting plans for privatisation, merger or independent expansion.

Bundesbank move sparks fears of interest rate rise

By Sara Webb in London and Patrick Harverson in New York

THE Bundesbank yesterday raised its one-month securities repurchase rate, sparking fears of a rise in the official interest rate and unsettling the German government bond market.

The central bank raised the one-month repurchase rate to 8.6 per cent from 8.5 per cent, leading to suggestions this was to protect the D-Mark, weak against the dollar and other European currencies.

One-month repos have been at a fixed 8.5 per cent rate since February 1 when the Bundesbank raised interest rates. Yesterday's rise led to speculation that German discount rate could be raised again after the Bundesbank council meeting on April 18.

Bund prices slipped in the morning, and fell further on the news of the repurchase rate increase, but recovered in the afternoon as traders took into consideration the fact that the increase is only 10 basis points.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-26	-01/32	10.52	10.58	10.64
		9.000	03/00	94-11	-03/32	9.97	10.01	10.03
		9.000	10/08	93-24	-06/32	9.75	9.80	9.79
US TREASURY *		7.750	02/01	98-12	-04/32	7.99	8.08	8.10
		7.875	02/21	96-22	-04/32	8.17	8.24	8.27
JAPAN	No 119	4.800	06/99	88.3062	-0.135	7.06	7.03	7.02
	No 129	6.400	03/00	98.4867	-0.110	6.67	6.68	6.65
GERMANY		9.000	01/01	104.4400	-0.260	8.31	8.47	8.29
FRANCE	BTAN	9.000	02/96	99.6216	-0.114	9.08	9.16	9.12
	OAT	9.500	01/01	103.8600	-0.060	8.88	9.03	8.94
CANADA *		9.750	06/01	101.9500	-	9.44	9.50	9.55
NETHERLANDS		8.500	03/01	99.8800	-0.100	8.52	8.70	8.56
AUSTRALIA		13.000	07/00	109.3259	+0.118	11.34	11.38	11.42
BELGIUM		10.000	08/00	105.0600	-0.100	9.15	9.12	8.92

London closing, *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Traders said there was some selling of cash bonds into futures and that the market was otherwise looking ahead to US economic figures due out tomorrow and Friday.

■CONTINUED uncertainty about the direction of monetary policy dominated trading in the US government bond market yesterday morning, with prices easing across the board on profit-taking.

At midday, the benchmark 30-year Treasury bond was down ⅛ at 96⅞, yielding 8.174 per cent. The two-year note was also weaker, down ⅛ at 100⅞ and yielding 6.917 per cent. The market remains a hostage to speculation about the Federal Reserve's next move on interest rates.

Although some analysts are predicting a cut in rates soon, especially if this week's consumer and producer prices data show the inflation threat is receding, the weakness in bond prices suggests optimism about lower borrowing costs is not widespread.

There was talk yesterday that the Fed may have already eased policy, via the back door, by allowing the Federal funds rate to sink and stay below its target of 6 per cent.

However, at 11.30am the Fed intervened in the market in the form of overnight matched sales, a manoeuvre intended to drain reserves from the system and push the Fed funds rate higher. This was taken by the market as a signal from the authorities that monetary policy was unchanged. Fed funds opened the day at 5¾ per cent, then firmed to 5⅞ per cent, then the Fed intervened.

There was no initial reaction from the market to the Fed's actions, and by noon Fed funds were still trading at 5⅞ per cent.

■PRICES in Japanese government bonds slipped as hopes of an imminent interest rate cut waned. The yield on the benchmark government bond issue No 129 opened at 6.645 per cent in Tokyo, closing at 6.67 per cent and trading at around that level in London.

In yesterday's auction of Y200bn of two-year notes with a coupon of 6.4 per cent, the Finance Ministry said the average yield was 6.409 per cent.

■THE UK government bond market slipped back yesterday, with many investors holding back from the market ahead of today's Treasury stock tender.

The benchmark 11¾ per cent Treasury stock maturing in 2003/07 opened at 111¾ then slipped to 111⅝.

Traders said that at the long end of the market there was caution over buying ahead of today's tender for £800m of 9 per cent Treasury stock maturing in 2008. Bids must be in by 10am, and traders expect an announcement about the price soon afterwards. The Bank of England has set a minimum tender of 94¾ but traders point out that the existing stock is trading below the minimum tender at 93⅞.

Australia to offer A$800m at tender

THE AUSTRALIAN Treasury is to offer at tender A$800m of Treasury bonds, Reuters reports. The bond tender is the first in 21 months and will be held on April 16.

The Treasury said it would offer A$400m of 12.5 per cent bonds maturing on September 15 1994 and A$400m of 12 per cent bonds maturing on November 15 2001.

Mr Paul Keating, Australian Treasurer, said in February that tenders would resume because the government budget surplus for fiscal 1990-91, ending on June 30, would no longer be large enough to cover all maturing government bonds.

The first A$6.25 interest payment per A$100 face value September 1994 bond is due on September 15 1991 and the first A$6 interest payment per A$100 face value November 2001 bond is due on May 15.

The Treasury said details of the next tender for Treasury bonds will be announced on May 21 1991 and that tender will be on May 28 1991.

Fuji Bank says convertible issue will hit profits

A BIG redemption of Swiss franc convertible bonds will sharply reduce Fuji Bank's profit for fiscal 1990-91, which ended on March 31, a Fuji Bank official said yesterday, Reuters reports.

Holders of 95 per cent of Fuji's SFr800m in convertible bonds issued in 1989 did not convert to shares, and most, presumably, have exercised their put options to redeem their unconverted bonds at a premium, the official said.

Conversion was unattractive because Fuji's stock price had fallen well below the bond conversion price due to the stock market drop last year.

The official did not specify the size of Fuji's loss on the bond redemptions, but industry analysts said it could be more than Y20bn. Fuji projects its 1990-91 operating profit at Y200bn, down from Y296.9bn the previous year.

Other Japanese banks faced similar redemptions of CBs, but analysts say none were stung as badly as Fuji, since their issues were smaller.

But some, Dai-Ichi Kangyo Bank and Sumitomo Bank, for instance, could face big losses in the current term.

The Swiss franc's rise against the yen since the Fuji bonds were issued swelled the bank's repayment obligation in yen terms, and brought the bonds' cost to 20 per cent a year, an analyst said.

The Swiss franc is now slightly above Y95, compared with about Y80 in May 1989, when the bonds were issued.

Fuji will report the bond loss in detail on May 27, when it announces the annual results.

Among other significant bank CB issues eligible for early redemption in the fiscal year just ended, Mitsui Trust and Banking's SFr200m issue and Hiroshima Bank SFr100m issue remained largely unconverted and could crimp their profits, the analyst said.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Latest prices at 8:10 pm on April 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¼	102¼		7.92
ALBERTA PROVINCE 9 3/8 95	600	103¾	104¼		8.29
AUSTRIA 8 1/2 00	400	99¼	99⅝	-⅛	8.62
BANK OF TOKYO 8 3/8 96	100	99¼	99⅝		8.60
BELGIUM 9 1/8 92	400	102½	102⅞		7.45
BFCE 7 3/4 97	150	97⅞	98⅜		8.21
BNP 8 5/8 94	300	101⅞	102¼		7.93
BP CAPITAL 9 5/8 93	150	102⅝	103⅛	-⅛	7.94
CANADA 9 96	1000	103¾	104		8.03
CARCO 9 1/4 96	650	99½	100¼	+⅛	9.35
CCCE 9 1/4 95	300	103⅞	104¼		8.04
COUNCIL EUROPE 8 96	100	98¾	99¼		8.28
CREDIT FONCIER 9 1/2 99	300	104⅞	105¼		8.61
DENMARK 0 98	250	54⅞	55¼	-⅛	8.57
DENMARK 8 1/4 94	150	100¾	101⅛	-⅛	7.96
ECSC 8 1/4 96	193	100¼	100½		8.20
EEC 7 1/4 93	250	99⅞	100¼	-⅛	7.38
EIB 7 3/4 96	250	98⅛	98⅝		8.13
EIB 9 1/4 97	1000	103½	103¾		8.52
ELEC DE FRANCE 9 98	200	102½	103¼		8.46
EUROFIMA 9 1/4 96	100	103	103½		8.47
EXPORT DEV CORP 9 1/2 98	150	104⅞	105¼	-⅛	8.56
FINLAND 7 7/8 97	200	96⅞	97½	+⅛	8.60
FINNISH EXPORT 9 3/8 95	200	103¾	104¼		8.33
FORD MOTOR CREDIT 9 1/2 93	300	102⅜	102⅞	-⅛	8.38
GEN ELEC CAPITAL 9 3/8 96	300	104½	105		8.26
GMAC 9 1/8 96	200	101⅝	102	+⅛	8.73
HALIFAX 9 1/2 93	200	103	103⅜	+⅛	7.93
IBM WORLD TRADE 7 5/8 93	150	98¼	98⅞	-⅛	8.42
IND BK JAPAN FIN 7 7/8 97	200	96½	97		8.64
INTER AMER DEV 7 5/8 96	200	96⅞	97¼		8.35
ITALY 8 1/2 94	1500	101¼	101⅞		7.89
JAPAN DEV BK 8 94	150	100½	101	-⅛	7.80
KANSAI ELEC PWR 10 96	350	104⅞	105½		8.75
LTCB 8 5/8 93	150	101¼	101⅝		7.88
NEW ZEALAND 8 93	100	100⅛	100⅜		7.91
NIPPON CRED BK 9 3/4 93	150	103⅜	103⅞	-⅛	8.17
NIPPON TEL & TEL 9 3/8 95	200	103⅞	104⅛		8.17
NORDIC INV BANK 9 93	200	102⅝	103		7.65
ONTARIO HYDRO 11 5/8 94	200	107⅞	109¼	-½	8.36
OSTER KONTROLLBANK 8 1/8 93	200	101¼	101⅝		7.40
PETRO-CANADA 7 1/4 96	200	95¾	96¼	+⅛	8.30
PRUDENTIAL RLTY SECS 0 99	365.216	50¼	50⅞	+⅛	9.23
QUEBEC HYDRO 9 3/4 98	150	104¼	104⅝		8.95
QUEBEC PROV 9 98	200	100⅞	101⅜		8.83
SAINSBURY 9 1/8 96	150	101⅝	102½	-⅛	8.72
SAS 10 99	200	99⅞	100⅝	+⅛	10.06
SBAB 9 1/2 95	500	103⅜	104¼	-⅛	8.34
STATE BK STH AUST 9 1/4 93	100	101⅝	103	-⅛	8.16
SUMITOMO BK CAP MKT 9 3/8 93	150	102¾	103¼		8.13
SWEDEN 8 1/8 94	150	100½	101¼	+½	7.92
SWEDISH EXPORT 9 5/8 93	100	103½	103⅞		7.54
TOKYO METROPOLIS 8 1/4 96	200	99⅞	100¼	-⅛	8.32
WORLD BANK 8 3/8 99	1500	100	100¼		8.55
WORLD BANK 8 3/4 97	1500	102⅜	102¾		8.34
XEROX CORPN 8 3/8 96	100	96⅞	97⅞	+2¼	9.10

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	98¼	98⅝	+⅛	8.63
AUSTRIA 6 98	400	88	88	+½	8.34
CNT 6 1/8 98	200	86⅛	86⅝	+2⅛	8.57
CREDIT FONCIER 6 3/4 99	500	89⅞	89⅞	+2⅛	8.58
DEUTSCHE BK FIN 5 5/8 96	750	88¼	88⅝		8.57
EEC 5 3/8 93	300	94½	94⅞	+⅛	8.90
EIB 6 1/8 96	300	89¾	89⅞	+⅛	8.63
EIB 6 7/8 95	300	93⅞	93⅝	+1⅛	8.59
EUROFIMA 6 1/4 98	400	87¼	87⅝	-⅛	8.65
FELDMUEHLE FINANCE 8 99	200	96¼	96¾	+⅛	8.53
FERRO DEL STAT 5 3/8 93	500	94⅞	94⅞	-⅛	8.93
IND BK JAPAN FIN 5 5/8 96	200	87½	87½	+⅛	8.80
INTER AMER DEV 7 1/4 99	300	92⅛	92⅝	+⅛	8.50
LUFTHANSA INT FIN 5 7/8 98	500	85⅛	85⅝	+⅛	8.66
QUEBEC HYDRO 6 3/4 99	300	88¼	88⅝	+1⅛	8.77
SWEDEN 6 1/8 98	300	89¼	89⅝		8.24
WORLD BANK 0 15	2000	16¼	16⅝	-⅛	7.67
WORLD BANK 5 3/4 96	300	89¼	89⅝	+⅛	8.50
WORLD BANK 7 1/8 95	500	96	96	-⅛	8.39

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	93		+½	6.64
AUSTRIA 4 5/8 98	100	90	90½	+½	6.48
CHUJITSUYA 7 3/4 95	50		103		6.92
COUNCIL EUROPE 4 3/4 98	250	89¼	90	+⅛	6.76
EEC 5 1/2 00	100	91½	92	+1½	6.72
EIB 5 3/4 93	100	98	99		6.61
ELEC DE FRANCE 7 1/4 06	100	104½	105	+⅛	6.75
FINLAND 5 3/8 95	150	95½	96	+½	6.54
GENERAL MOTORS 7 1/2 95	100	102½		+1	6.76
JAPAN DEV BK 5 1/2 94	100	96⅞	97½	+⅛	6.79
NEW ZEALAND 4 7/8 99	200	88	88⅝	-½	6.91
QUEBEC HYDRO 5 08	100	80½	81½		7.00
SKANDINAVISKA ENSK 6 1/2 95	100	100	101		6.49
WORLD BANK 5 03	150	85½	86½		6.77
WORLD BANK 7 1/4 92	100	101	101½		6.37

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	94¼	94½	-⅛	7.10
CANADA 4 3/8 92	80000	96¾	97		7.25
CREDIT FONCIER 5 1/4 94	20000	93⅞	94¼	-⅛	7.22
DENMARK 7 95	40000	100⅛	100⅝	-⅛	6.95
EIB 4 5/8 94	40000	93⅛	93⅝	-⅛	7.09
GENERAL ELECTRIC 5 3/4 93	35000	96¾	97¼	-⅛	7.58
INTER AMER DEV 7 1/4 00	30000	102¼	102⅝	-⅛	6.91
ITALY 5 3/4 92	150000	98⅜	99		7.27
KANSAI ELEC PWR 4 5/8 94	60000	92⅞	93¼	-⅛	7.30
NIPPON TEL & TEL 5 7/8 96	50000	95¼	95¾	-⅛	6.88
NORWAY 5 1/8 95	50000	93½	93⅞	-⅛	7.05
SWEDEN 5 5/8 95	20000	94⅝	94⅞	-⅛	7.13
WORLD BANK 6 3/4 00	50000	99¾	100	-⅛	6.79

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS BNT 7 94 LFr	600	92¾	93¾		9.66
KREDIETCORP 7 93 LFr	1000	94¾	95½		9.71
WORLD BANK 8 96 LFr	1000	96	97		9.02
AMRO BANK 6 1/4 92 Fl	150	95¾	96¼		9.60
RABOBANK 5 3/4 93 Fl	150	94½	95		9.02
ALBERTA PROVINCE 10 92 C$	500	100¼	100⅞	+⅛	9.81
BCE INC 9 5/8 93 C$	300	99⅞	99¾	+⅛	10.03
BELL CANADA 10 5/8 99 C$	150	101¼	101⅞		10.40
BRITISH COLUMBIA 9 1/4 93 C$	150	99¼	99¾		9.68
EIB 10 1/8 98 C$	130	101½	102¼	+⅛	9.81
FORD CREDIT CANADA 10 94 C$	100	98¾	98⅞	-⅛	10.65
GENERAL ELEC CAP 10 1/4 93 C$	175	101	101⅜	+⅛	9.72
MONTREAL TRUSTCO 8 1/2 92 C$	100	98¼	98¾	+⅛	10.27
ONTARIO HYDRO 10 7/8 99 C$	500	102¾	103		10.35
QUEBEC PROV 10 1/2 98 C$	200	100½	101		10.38
ROYAL TRUSTCO 10 1/4 95 C$	100	99⅞	97⅞		10.56
SWEDEN 9 3/4 93 C$	250	100¼	100⅝		9.66
BELGIUM 9 1/8 96 Ecu	1250	100¼	100½	+⅛	9.02
CNT 7 3/8 93 Ecu	250	93½	95	-1⅛	10.79
CREDIT LYONNAIS 9 96 Ecu	125	95¾	96⅛	-2⅛	10.20
DENMARK 7 5/8 96 Ecu	250	90⅞	90⅞	-⅛	10.15
EEC 7 5/8 94 Ecu	200	96⅛	96⅝		9.20
EIB 10 97 Ecu	1125	104⅞	105		8.88
ITALY 10 3/4 00 Ecu	1000	109½	109⅞		9.16
UNITED KINGDOM 9 1/8 01 Ecu	2750	100½	100⅝		9.04
BMW FINANCE 14 1/2 92 AS	100	101¼	102⅝	-⅛	12.56
COUNCIL EUROPE 13 93 AS	50	101	102	-⅛	12.33
EKSPORTFINANS 12 3/8 95 AS	75	101⅝	102¼		11.83
FORD CRED AUST 13 93 AS	50	99½	100½	-⅛	13.28
ICI 15 1/2 92 AS	100	103¾	103⅝	+⅛	12.18
MCDONALDS CANADA 15 95 AS	100	106¾	107¼		12.78
NAT AUSTRALIA BANK 14 3/4 94 A$	150	105¾	106¼		12.20
STATE BK NSW 14 1/4 99 AS	100	108⅝	109	+⅛	12.50
VOLKSWAGEN INTL 15 94 AS	100	105¾	106¼		12.59
ABBEY NATL TREAS 13 3/8 95 £	100	106½	106⅞		11.20
BARCLAYS JERSEY 9 1/2 93 £	250	97⅞	97¾	+⅛	11.04
BRITISH GAS 12 3/4 95 £	300	105⅝	105⅞	-⅛	10.94
DEUTSCHE BK FIN 11 94 £	225	100¾	101	+⅛	10.63
EIB 10 97 £	386.5	97½	97⅞	+⅛	10.58
FORD CREDIT FUNDING 9 5/8 93 £	50	96⅛	96⅝	+⅛	11.90
INTER AMER DEV 11 3/8 95 £	75	102⅝	103⅛	+⅛	10.50
ITALY 10 1/2 14 £	400	95¼	95½		11.07
LAND SECS 9 1/2 07 £	200	81⅞	82⅜	-⅛	12.11
LEEDS PERMANENT 9 1/4 93 £	50	95¾	96⅛	-⅛	11.57
NORWAY 10 1/2 94 £	200	99⅝	100		10.63
ROLLS-ROYCE 9 5/8 93 £	150	96½	96⅞	+⅛	11.65
SAINSBURY 10 7/8 93 £	100	99¼	99¾	+⅛	11.30
SKANDINAVISKA ENSK 13 1/8 95 £	100	105½	106	+⅛	11.28
WORLD BANK 11 1/4 95 £	100	102⅛	102⅝		10.57
ABBEY NATIONAL 0 96 NZ$	100	52½	53½	+⅛	12.46
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	102	103	+⅛	12.04
AIDC 7 7/8 93 FFr	600	96¼	96¾	+⅛	9.61
CREDIT LYONNAIS 10 95 FFr	3200	101⅜	102⅛	+⅛	9.45
EURATOM 7 5/8 98 FFr	500	91⅛	91⅞	+⅛	9.31

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	100.15	100.25	7.5958
ALLIANCE & LEICS 0.08 94 £	300	99.46	99.56	14.1425
BANCO ROMA 0 03 01	200	91.38	92.63	7.9363
BANCO SANTO SPIRITO 93	200	99.60	99.70	6.5000
BELGIUM 1/16 97 DM	500	99.98	100.10	9.1250
BFCE -0.02 96	350	100.11	100.21	7.7925
BNP 05	300	97.08	97.38	7.4375
BRITANNIA 1/10 96 £	150	99.03	99.15	14.1625
CCCE 06 ECU	200	99.96	100.06	9.4435
CITIZENS FED 0.15 96	100	99.44	99.64	7.0250
COMMERZBK O/S FIN 93	200	99.81	99.91	6.5625
DENMARK -1/8 96	1000	99.41	99.51	6.5938
DRESDNER FINANCE 1/32 98 DM	1000	99.66	99.76	9.2188
ELEC DE FRANCE 1/8 99	400	99.88	100.44	7.0000
FERRO DEL STAT 94	200	100.73	100.83	6.8750
HALIFAX 1/10 94 £	200	99.74	99.84	13.6000
HILL SAMUEL 1/4 PERP	75	82.50	85.50	8.5000
MITSUI FIN ASIA 1/8 96	100	99.71	99.81	7.0000
MORGAN (JP) 1/4 97	250	98.13	99.13	7.0625
NAT WEST FIN 3/16 05	400	92.13	93.13	8.3125
NEW ZEALAND 93	500	99.86	99.96	6.5000
QUEBEC PROV 01	300	96.75	97.00	8.1250
RENFE 98	500	99.91	100.01	7.8750
SOCIETE GENERALE 96	300	99.02	99.11	6.3125
STATE BK VICTORIA 0.05 99	125	98.25	98.50	7.8625
UNITED KINGDOM -1/8 96	4000	100.02	100.05	6.1875

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	114	115	+8.83
ASDA-MFI 4 3/4 02 £	100	1.64	113¾	115	+40.42
BURTON GROUP 4 3/4 01 £	110	3.15	117¼	118⅜	
EASTMAN KODAK 6 3/8 01	300	50.67	96⅞	97⅞	+14.49
GOLD KALGOORLIE 7 1/2 00	65	1.0554	57	58	+50.17
GOODYEAR TIRE 6 7/8 03	150	80¼	67	68¼	
GRACE (WR) 6 1/4 02	150	42¼	88¾	89⅞	+22.08
GRAND MET 6 1/4 02 £	100	6.58	122⅛	123⅞	-0.90
HAWLEY 6 02 PREF	400	1.91	84½	86½	+71.41
HILLSDOWN 4 1/2 02 £	150	4.16	108	109⅞	+68.27
INTL PAPER 5 3/4 02	200	68½	96⅛	97⅞	+9.12
LAND SECS 6 3/4 02 £	84	6.72	90⅞	91½	+12.26
MITSUBISHI BK 1 3/4 02	300	2727.1	104	106	-3.30
OGDEN 6 02	88	39.077	71⅞	72⅞	+38.70
PACIFIC DUNLOP 6 3/4 97	75	3.749	110	111	+2.14
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	83⅛	84½	+63.54
THORN EMI 5 3/4 04 £	103	7.45	111⅛	112⅛	+12.03

* No information available - previous day's price
$ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by Association of International Bond Dealers.

INTERNATIONAL CAPITAL MARKETS

Barclays launches L150bn five-year offer at 12⅜%

By Simon London

BARCLAYS Bank yesterday became only the second UK borrower (after British Gas last year) to tap the lire sector of the market, launching L150bn of bonds in a deal lead-managed by Banco Di Roma.

The five-year paper carries a coupon of 12⅜ per cent and was issued at 101.95.

At a discount equivalent to full fees of 1⅞ per cent, the paper yields 12.35 per cent – in line with other financial institutions in the sector.

For example, a recent L150bn five-year issue by Bayerische Vereinsbank, launched through Banco Di Roma in early March, currently yields 12.36 per cent in the secondary market.

The issue was swapped into floating-rate dollars by the borrower, achieving sub-Libor funding for the bank.

INTERNATIONAL BONDS

Alliance & Leicester became the third UK building society this year to tap the fixed rate sector of the sterling market in preference to offering floating rate paper – the traditional source of funding.

Lead managed by Credit Suisse First Boston, the six-year issue was re-offered to investors at a fixed price of 99.725, to yield 100 basis points over the 10 per cent UK government bond maturing 1997.

The pricing was seen as tight by many in the market. When Nationwide Anglia launched a £100m issue last month, the issue was priced to yield 91 basis points over the gilt. In February, Alliance & Leicester's credit rating was lowered from AA3 to A1 by Moody's Investors Service. CSFB said that the deal would be freed to trade today.

Also in the sterling sector of the market, Oesterreichische Postsparkasse, the Austrian post office, came with a debut £100m 10-year issue lead managed by UBS Phillips & Drew.

The paper was priced to yield 50 basis points more than the comparable UK government bond. However, the paper carries a strong guarantee from the Austrian government, which is itself triple-A rated.

In contrast, eight-year paper issued by the government itself yields just 10 basis points over the gilt, and yesterday's issue was snapped up by UK institutional investors attracted by the higher yield.

Urge for Mexican deals benefits Nafinsa

By Tracy Corrigan

NACIONAL Financiera (Nafinsa), the Mexican development bank, raised $100m yesterday via J.P. Morgan, benefiting from growing acceptability of Mexican borrowers.

The 10 per cent bonds mature in 1996, but there is a put option after two years. They can be sold in the US private placement market under the SEC's Rule 144a.

A benchmark deal in the sector, a 10 per cent issue due 1993 for Pemex, the state-owned oil company, has tightened from 320 basis points above US Treasuries at launch to a 236 basis points.

So the launch spread of 287 basis points above the two-year Treasury for the new Nafinsa deal was considered attractive, even though Nafinsa has an outstanding $100m issue, also with a put option in 1993, trading at 307 basis points above comparable US Treasury.

The steady stream of Mexican borrowers coming to the capital markets looks set to continue. A $300m registered Eurobond for Cemex, the Mexican cement producer, is expected in the next few weeks.

The deal, around $250m, arranged by J.P. Morgan, is being offered at a discount, with a coupon below market rates.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
NTN Corp(a)♦	280	4	100	1995	2¼/1½	Nomura Int.
Credit Saison Co.(a)♦	150	4½	100	1996	2¼/1½	Nomura Int.
Nacional Financiera(d)†	100	10	100	1996	1⅞/1¼	JP Morgan Secs.
STERLING						
Oes'ische.Postsparkasse(a)†	100	10¾	99⅞	2001	35/20bp	UBS Phillips & Drew
All.& Leicester Bld.Soc.(a)†	100	11⅜	101¼	1997	1⅞/1.725	CSFB
HMC Mtge.Notes 7(b)†	125	11¾	102.65	1996	1⅞/1.55	Baring Bros.
LIRE						
Barclays Bank(a)†	150bn	12⅜	101.95	1996	1⅞/1¼	Banco di Roma
SWISS FRANCS						
Enso Gutzeit(a)†	100	7	102	1996	-	Credit Suisse
Hasegawa(c)★★§	30	4¾	100	1995	-	Yamaichi Bk (Switz)
FINNISH MARKKA						
Okobank(a)†	100	12¾	100¾	1996	-	Citibank AG
YEN						
Nissan Motor Co.(a)†	10bn	7.2	101½	1998	1⅞/1¼	Nikko Secs.

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Mortgage-backed issue. Amount increased from £100m. Non-callable. c) Put option 30/9/93 at 107¼% to yield 7.522%. d) Put option at par after 2 years.

Dealers fear fall-out from Italian crisis

Haig Simonian analyses concern over withholding tax treatment for foreign investors

FEARS among foreigners that Italy's government crisis may have killed off moves to shake up the country's withholding tax have been eased by signs that prospects for a new procedure are still on course.

The news follows last week's widespread concern in the market after reports that a crucial meeting between senior officials of the Ministry of Finance, the Treasury, the Bank of Italy and external consultants had been cancelled at short notice.

That immediately provoked rumours among government bond dealers, who have eagerly been awaiting news on withholding tax, that all new policy initiatives had been frozen until Italy's political crisis has been resolved.

Dealers were also concerned about the possibility of a big cabinet reshuffle, with new faces at the finance and treasury ministries.

Such changes could have meant that the lengthy task of convincing ministers of the need to reform withholding tax procedures would have to start from scratch.

Although the signals from Rome are confused, it now appears that reform of the withholding tax structure for foreigners remains on course. However, formal instructions have yet to be issued to local tax offices and technical issues remain to be resolved.

"We have heard the rumours and spoken to the ministries, who have reassured us the timetable remains on course and matters are now at the final stage", said one foreign banker in Milan. With foreigners accounting for a rising proportion of trading in Italian government paper, particularly at the long end, the stakes are high.

Foreigners' growing participation in the domestic bond market has played a big part in keeping down yields and helping the authorities to realise their long-standing ambition of stretching out maturities on the government's huge debt. That, in turn, is seen as a vital tool in improving debt management and gradually lowering the interest burden.

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Foreign buying played a significant part in the successful launch of Italy's first seven-year domestic fixed-rate government bond last May. And non-residents remained a significant force earlier this year when the government introduced its first 10-year fixed-rate domestic issue.

But the growing interest among international investors in longer term bonds has thrust the issue of withholding tax to the fore as complaints about non-repayment rise.

The tax dates to September 1987, when a 12.5 per cent levy was brought in on all Italian government securities, doubling the 6.25 per cent tax that had been imposed in September the previous year.

In normal circumstances, such taxes would be reclaimable under double taxation treaties. However, in Italy's case, matters are complicated by three factors.

- The nation does not have double taxation treaties with a number of countries, notably Hong Kong and Taiwan.
- Those treaties that do exist are seldom standardised. Some allow the full percentage rate withheld to be reclaimed, while others set limits, with only the balance being refundable.
- Italy has a lamentable record in repaying tax credits. Credits due to domestic taxpayers are usually reimbursed after delays of around five years.

The fact that less than five years has elapsed since the introduction of withholding tax on government securities partly explains why the issue of repayments has not loomed high on the authorities' agenda so far.

Matters have been exacerbated by the fact that it is not until relatively recently that foreigners have become particularly important players in the domestic bond market. And it is not even clear whether the current budget of the Ministry of Finance has allowed for repaying the tax, although the first-year cost is estimated to be only around L600bn.

Following pressure by the banking community and signs of strong support from the Bank of Italy, a working group was set up last year to examine the question of claims procedures. The result was a first draft of the planned repayment forms circulated among a group of government bond dealers about six weeks ago.

Finding a simple method for reclaiming withholding tax has not been easy. The fact that the tax is calculated on the interest accrued, rather than the coupon, makes procedures more complex.

Thus the draft forms, each involving about 18 questions, were very comprehensive, according to one dealer. To make matters worse, the authorities argued that every form would have to be signed by the non-residents' fiscal administration prior to submission.

The Italian authorities also underestimated the amount of paperwork. One big bank alone reckons it will submit around 250 forms each month, a procedure that, if reproduced across the market, would swamp the ministry's original plan to process the workload manually.

Many of the participants made proposals to simplify matters. One breakthrough involves delegating responsibility to custodian banks, which could handle tax repayments on a fee-earning basis. Another suggestion entails banks submitting block claims for repayments, along with individual calculations which could be checked on a random basis.

Some of the proposals have spurred counter-arguments, reflecting the concerns of the different groups involved. Depository banks, for instance, may be seeking cover for taking on the responsibility of handling claims.

Nevertheless, participants have reported appreciable progress, to the extent that some had been hoping for an announcement on the introduction of a procedure to coincide with the launch of the new 10-year fixed-rate issue in February.

"We urged the authorities to make an announcement prior to the auction as a way to prepare the market for the new paper", said one banker. "Since then there's been one re-opening, but still nothing's happened."

The authorities insist matters are on course, with the delay being caused by technical problems, rather than being frozen because of the political crisis.

Not all dealers are convinced, however. "The same thing happened last time there was a crisis", said one. "The minister was ready. Then another minister came in and said he had a new set of priorities".

The latest news on progress in Rome will come as some consolation: sceptics await a formal announcement before being convinced.

Safeway increases size of share offering

By Simon London

SAFEWAY, the US food retailer, has increased the size of its international share offering from 2m to 3.5m shares, following strong demand from UK investment institutions.

The international tranche is part of a 17.5m share offering, representing 18 per cent of the company's enlarged share capital.

The new shares were priced this week at $20.5 per share, raising a total of $358.7m.

Safeway was the subject of a $4.2bn leveraged buy-out by Kohlberg Kravis Roberts in 1986 but made an initial public offering of stock a year ago.

INTERNATIONAL EQUITY ISSUES

The appetite of investors for US shares was demonstrated by the 3.25m share initial public offering made by Autozone, a car distributor also controlled by KKR.

The international tranche of the issue amounts to 650,000 shares, lead managed by Goldman Sachs.

Initial filings with the US Securities and Exchange Commission indicated a price of between $17 and $20 per share.

This was later increased to between $21 and $23 per share and the issue was priced last week at the top end of the range.

Yesterday, the shares were trading at $28⅞.

Delta Airlines, the third-largest US carrier, has priced its offering of 7m new shares at $69.25 per share, raising $484.75m for the company.

An international tranche of 1m shares is being lead managed by Salomon Brothers.

The funds will be used to finance capital expenditure, including the acquisition of new air routes.

Delta recently opposed the sale of Pan-Am's landing rights at Heathrow Airport to United Airlines, offering $50m for the London-Los Angeles route alone.

New London broker buys fund manager

MAP SECURITIES, the newly established London stockbroker specialising in European securities, has bought an 80.1 per cent stake in Paribas Asset Management(UK), writes David Barchard.

The price was not disclosed. PAM UK will continue to operate as a fund manager, handling index-matched equity funds, and will co-operate with Paribas Asset Management in Paris, which retains 19.9 per cent of it.

The deal comes just over a month after MAP Securities began trading.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Monday April 9 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Mon Apr 8 Index No.	Fri Apr 5 Index No.	Thu Apr 4 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (187)	883.21	+0.2	11.22	5.47	10.92	9.61	881.70	886.64	887.71	842.97
2 Building Materials (24)	1138.54	-0.2	11.64	5.43	10.58	5.50	1140.33	1145.03	1150.93	1027.81
3 Contracting, Construction (31)	1393.03	-0.2	10.56	5.65	12.23	15.34	1396.13	1413.40	1423.32	1355.78
4 Electricals (10)	2433.16	+0.4	11.00	5.50	11.20	13.27	2424.55	2463.13	2462.53	2398.16
5 Electronics (26)	1883.36	+1.0	8.32	4.74	15.98	3.12	1863.84	1854.97	1867.87	1765.05
6 Engineering-Aerospace (8)	469.23	+1.2	14.86	5.30	8.12	8.86	463.55	466.42	461.78	439.17
7 Engineering-General (47)	466.13	-0.3	12.62	5.62	9.55	6.28	467.31	468.00	465.75	462.72
8 Metals and Metal Forming (8)	501.78	-0.9	18.18	6.88	6.79	0.59	506.16	509.10	501.94	477.70
9 Motors (13)	352.71	+1.1	12.55	6.77	9.35	6.55	348.79	353.11	354.59	345.08
10 Other Industrial Materials (20)	1575.01	......	9.11	5.14	12.95	28.92	1574.36	1586.61	1589.92	1557.27
21 CONSUMER GROUP (185)	1467.56	-0.3	8.35	3.63	14.85	9.69	1472.64	1480.99	1469.93	1203.09
22 Brewers and Distillers (22)	1767.76	-0.7	9.09	3.67	13.55	14.76	1779.89	1794.58	1793.87	1401.23
25 Food Manufacturing (20)	1206.23	-0.2	9.38	4.04	13.12	15.95	1208.53	1210.94	1201.00	1048.31
26 Food Retailing (16)	2824.42	......	7.74	2.75	16.88	4.34	2824.07	2810.49	2771.24	2234.80
27 Health and Household (21)	3222.91	-1.3	6.30	2.62	18.87	17.97	3266.59	3300.52	3269.59	2523.78
29 Hotels and Leisure (21)	1370.69	-0.4	9.98	5.03	11.80	9.39	1376.41	1390.53	1383.48	1352.22
30 Media (24)	1509.60	+1.0	9.18	4.48	13.72	14.07	1495.03	1497.42	1498.63	0.00
31 Packaging, Paper & Printing (16)	680.45	+0.4	8.21	4.85	15.24	5.03	677.86	679.90	680.02	564.68
34 Stores (34)	930.89	+0.5	8.93	3.92	14.52	2.21	926.65	932.43	916.59	728.04
35 Textiles (11)	549.26	-0.3	9.66	5.86	13.06	2.61	551.11	556.17	562.33	487.07
40 OTHER GROUPS (108)	1225.29	......	9.82	4.92	12.45	8.15	1225.86	1228.91	1219.33	1121.07
41 Business Services (13)	1232.16	+1.2	10.92	4.75	11.22	2.85	1217.93	1227.74	1219.16	0.00
42 Chemicals (21)	1271.66	-0.2	9.17	5.63	12.50	23.53	1274.55	1284.01	1275.90	1191.11
43 Conglomerates (10)	1564.96	-0.5	10.72	6.57	11.15	10.66	1573.24	1585.53	1578.53	1580.20
44 Transport (14)	2218.47	+0.1	11.15	4.65	10.94	6.97	2215.34	2225.08	2218.87	2155.27
45 Electricity (14)	1158.69	+0.3	11.96	5.76	10.47	0.00	1154.71	1154.89	1152.31	0.00
46 Telephone Networks(4)	1466.02	+0.4	9.07	3.41	14.35	0.00	1460.80	1454.88	1436.32	1103.12
47 Water(10)	2498.09	-0.2	13.57	5.61	8.23	39.69	2503.23	2503.36	2467.39	1880.50
48 Miscellaneous (22)	1919.30	-0.9	6.30	4.86	20.20	21.39	1937.38	1946.79	1933.06	1797.23
49 INDUSTRIAL GROUP (480)	1251.83	-0.1	9.41	4.42	13.07	9.39	1253.63	1259.44	1252.15	1100.98
51 Oil & Gas (20)	2384.45	-0.3	10.86	5.59	12.02	38.85	2391.72	2396.66	2369.72	2251.62
59 500 SHARE INDEX (500)	1348.57	-0.2	9.60	4.57	12.93	11.66	1350.79	1356.60	1347.81	1196.87
61 FINANCIAL GROUP (97)	841.37	+0.3	–	5.61	–	15.07	838.51	850.47	840.90	799.41
62 Banks (9)	940.61	+1.1	7.79	5.84	18.49	21.93	930.08	946.49	934.68	867.50
65 Insurance (Life) (7)	1551.77	-0.3	–	5.33	–	38.87	1557.19	1573.75	1540.15	1273.48
66 Insurance (Composite) (6)	705.33	+0.2	–	6.22	–	11.60	704.24	717.37	708.90	642.50
67 Insurance (Brokers) (8)	1175.63	-1.7	6.23	5.71	20.92	20.10	1195.67	1202.38	1187.56	1038.94
68 Merchant Banks (7)	427.91	-1.2	–	4.74	–	3.90	433.16	433.37	434.19	454.84
69 Property (40)	1025.29	+0.2	6.57	4.56	20.59	3.69	1023.54	1036.72	1031.91	1157.11
70 Other Financial (20)	293.13	-0.1	9.52	6.16	12.95	3.59	293.49	294.39	293.88	313.67
71 Investment Trusts (69)	1211.98	-0.1	–	3.39	–	10.52	1213.40	1220.06	1213.77	1131.55
99 ALL-SHARE INDEX (666)	1224.17	-0.1	–	4.68	–	12.18	1225.31	1232.32	1223.55	1099.42

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 8	Apr 5	Apr 4	Apr 3	Apr 2	Year ago
FT-SE 100 SHARE INDEX‡	2527.2	-2.7	2539.0	2525.9	2529.9	2545.3	2524.5	2519.1	2488.3	2217.5

FIXED INTEREST

PRICE INDICES	Tue Apr 9	Day's change %	Wed Apr 8	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	121.10	+0.09	121.00	1.77	3.26
2 5-15 years (30)	132.28	-0.07	132.38	2.03	3.87
3 Over 15 years (8)	139.59	-0.24	139.93	1.47	4.05
4 Irredeemables (6)	156.01	+0.03	155.97	3.73	1.50
5 All stocks (72)	131.00	-0.03	131.04	1.94	3.70
Index-Linked					
6 Up to 5 years (1)	157.86	+0.01	159.53	-0.33	2.72
7 Over 5 years (10)	146.93	+0.05	146.85	0.76	1.16
8 All stocks (11)	147.79	+0.05	147.77	0.72	1.21
9 Debs & Loans (54)	109.77	+0.09	109.67	2.22	2.65

AVERAGE GROSS REDEMPTION YIELDS		Tue Apr 9	Wed Apr 8	Year ago (approx.)
British Government				
1 Low	5 years	9.22	9.22	11.76
2 Coupons	15 years	9.54	9.53	11.36
3 (0%-7¾%)	20 years	9.64	9.63	11.23
4 Medium	5 years	10.12	10.13	12.90
5 Coupons	15 years	9.97	9.94	11.80
6 (8%-10¾%)	20 years	9.92	9.89	11.38
7 High	5 years	10.27	10.27	13.02
8 Coupons	15 years	10.14	10.11	12.09
9 (11%-)	20 years	10.09	10.05	11.62
10 Irredeemables	†	9.93	9.93	11.19
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.72	3.71	4.49
12 Inflation rate 5%	Over 5 yrs.	4.10	4.11	4.11
13 Inflation rate 10%	Up to 5yrs.	2.91	2.90	3.55
14 Inflation rate 10%	Over 5 yrs.	3.93	3.93	3.94
15 Debs &	5 years	11.86	11.85	16.09
16 Loans	15 years	11.64	11.64	14.24
17	25 years	11.43	11.44	13.58

‡Opening index 2536.9; 9 am 2535.7; 10 am 2531.8; 11 am 2537.5; Noon 2535.4; 1 pm 2535.0; 2 pm 2538.0; 2.30 pm 2536.3; 3 pm 2536.8; 4.10 pm 2528.7; (a) 2.13pm (b) 4.16pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	32	33	18
Corporations, Dominion and Foreign Bonds	3	6	11
Industrials	279	337	929
Financial and Properties	103	116	527
Oils	23	18	51
Plantations	0	1	9
Mines	39	23	100
Others	48	55	66
Totals	527	589	1,711

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
255	Nil	–	50pm	50pm	BPP 10p	50pm	
808	Nil	–	155pm	94pm	Bass	123pm	-20
255	Nil	–	61pm	60pm	Berkeley Group	61pm	
105	Nil	–	27pm	13pm	Cookson	26pm	+4
155	Nil	–	42pm	32pm	Hartstone 10p	40pm	+1
90	Nil	–	17pm	10pm	Ibstock Johnsen	10pm	-3
A$5.25	Nil	–	21pm	13pm	Nat. Australia Bank A$1	14pm	+1
238	Nil	–	38pm	26pm	Persimmon 10p	38pm	+2
510	Nil	–	88pm	58pm	Redland	75pm	-7
10	Nil	–	11½pm	5pm	Saatchi & Saatchi 10p	7½pm	-1½
200	Nil	–	35pm	25pm	Sage 5p	23pm	-3
360	Nil	–	55pm	46pm	Wilson Bowden	46pm	-3

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings April 8
- Last Dealings April 19
- Last Declarations July 11
- For settlement July 22

For rate indications see end of London Share Service

Calls in Buckingham Intl., Budgens, Conroy Pet., Erskine House, Eurotunnel units, Ferranti, Geers Gross, Kenmare, Pittencrieff, Saatchi & Saatchi, Stilfontein and Ultramar. Put in AB Electronic. Put and call in ADT.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

April 9 Total Contracts N/A
Calls N/A Puts N/A
FT-SE Index Calls N/A Puts N/A
Euro FT-SE Calls N/A Puts N/A
*Underlying security price. † Long dated expiry months. Premiums shown are based on offer prices.

Gulf war and recession cuts Savoy to £10.3m

By David Churchill, Leisure Industries Correspondent

SAVOY HOTEL yesterday reported a sharp fall in 1990 pre-tax profits due to the recession in the UK and the US and the Gulf conflict.

Pre-tax profits fell from £13.08m to £10.32m on turnover ahead from £89.04m to £91.98m. A 7 per cent average increase in room prices was offset by higher costs, including the new Uniform Business Rate, and lower occupancy levels.

The group's hotels – the Berkeley, Connaught, Claridge's and Savoy in London and the Lancaster in Paris – are all traditional haunts of international business and leisure travellers and normally popular with Americans.

However, hotel occupancy fell away sharply in the second half of the year as the international political and business situation worsened.

Turnover, which had risen by 12.7 per cent in the first half of the year in comparison with the previous year, fell by 4.5 per cent in the second half.

Mr Giles Shepherd, managing director, said yesterday that while 1990 had been a difficult year, the first three months of the current year had been even worse.

"But there are now signs of business picking up after the end of the Gulf War," he said. "Not only are we seeing business travellers coming back but there are also more leisure customers staying in our hotels."

The group has undertaken an aggressive marketing campaign to encourage Americans to return to the UK.

Its Welcome to Britain promotion, which gives guests a limousine from the airport and £125 voucher for Savoy guest services, has added 4,000 bednights worth almost £800,000 since it was launched earlier this year.

The Connaught is for the first time taking part in this promotional campaign during the Summer.

The group has also decided to absorb the 2.5 per cent increase in VAT. "We don't think that now is a good time to increase prices," said Mr Shepherd.

The directors are recommending that the dividend should be maintained at 7p per A share and 3.5p per B share.

Trusthouse Forte, which announces its results next week, holds just over 42 per cent of the Savoy's voting shares. Under an agreement reached between THF and the Savoy last year, it has agreed not to try to increase its stake for a further four year.

Savoy A shares closed 5p down in a very limited market at 813p.

Fall in demand hits Alexandra

By Jane Fuller

ALEXANDRA Workwear, which has about 30 per cent of the UK market for work clothes, was caught by a sudden drop in demand this winter, leading to a 12 per cent fall to £6.58m in annual pre-tax profits.

By the half-way stage the group was 11 per cent ahead with £4.1m, but volume fell by between 20 and 25 per cent in the final quarter. The outcome for the year to February 2 compared with £7.52m in the previous 53 weeks.

Mr John Prior, chairman and chief executive, blamed the Gulf crisis, high interest rates, London bombings and severe weather for the collapse in demand.

Turnover was ahead 6.4 per cent at £63.1m (£59.27m) and operating profit advanced to £8.9m (£8.5m); but interest payments jumped to £2.29m (£932,000) as year-end debt more than doubled to £16m (£7m), representing gearing of 69 per cent.

Mr Prior said stock had to be carried so that rapid delivery of the standard range could be offered. As the clothing was neither seasonal nor fashion-orientated, its value was not under threat.

To cut overheads and increase flexibility, the group had closed one of its three Scottish factories and was buying in more clothes. The rationalisation would incur first-half exceptional costs of up to £1m.

This followed a "revolution" in the group's distribution system, where a large labour-intensive warehouse in Bristol had been replaced by six semi-automated units.

Mr Julian Budd, finance director, said that capital spending, which had run at £7m to £8m in 1989 and 1990, would dwindle to less than £1m this year. Gearing should fall below 50 per cent by next February.

Earnings slipped to 13.4p (15.4p). A final dividend of 3.2p makes a total of 5p (4.7p).

● **COMMENT**

Alexandra has fallen from grace since last summer and it is not difficult to see why. The group's vulnerability to UK recession should have been foreseen, especially as the last downturn took its toll on profits in 1981 and 1982. Instead, the management blithely stocked up for further growth, which added almost as much to debt as the bulge in capital spending. At least the warehouse investment is easy to justify, unlike the extraordinary £308,000 loss made on a property development attached to the new Scottish sales office. In the medium term, good should come of both the new distribution system and the more hard-nosed approach to garment supply. However, a difficult 1991 means that the short-term benefits are unlikely to offset the exceptional cost. A pre-tax profit of £6.4m gives a prospective multiple of 12.2 on yesterday's close of 159p. The premium commanded by previous strong earnings growth has been lost and the shares look fully valued.

Acquisitions help Bostrom rise

By Jane Fuller

IN SPITE of tough conditions in the vehicle seating and precision engineering markets, acquisitions helped Bostrom to reach record pre-tax profits of just over £3m in 1990.

The taxable figure grew by £141,000, from £2.9m, on a 23 per cent advance in turnover to £35.22m (£28.59m). Operating profit was up 17 per cent at £3.97m (£3.38m), but increased interest costs and losses on a joint venture hindered progress.

Mr Colin Howell, managing director, said: "All the markets we serve were down. A global downturn in work vehicle seating, where we export 65 per cent, coincided with a decline in engineering activity in the UK, which affected our other two divisions."

KAB seating had experienced flat sales of about £24m and a small decline in operating profit to nearly £2.9m. It had made progress in Japan and Korea and was now targeting North America.

Precision components, built up by acquisition in 1988 and 1989, increased turnover to £7.6m (£4.5m) but profit slipped to £620,000 (£660,000). One or two subsidiaries had been badly affected by the decline in the machine tools market.

In its first year, the pressings division contributed £800,000 profit on turnover of £3.5m.

The joint venture with BFA of France, supplying seats for luxury cars, had suffered alongside Jaguar, its big customer. Losses totalled £360,000 (£120,000).

Net debt rose from less than £3m to £4.4m, gearing of 46 per cent.

Mr Howell said this year would be worse than 1990, but all the divisions were increasing market share.

Earnings per share improved to 24.8p (24.1p) on a 3 per cent tax charge, utilising losses. At 35 per cent, earnings would be 16.6p (16.1p). The final dividend is held at 3.5p, for a 6p (5.75p) total.

Erith calls for £2.8m as profits slip 24%

By Maggie Urry

ERITH, the south east-based builders' merchant, suffered a fall of 24 per cent, from £3.04m to £2.3m, in pre-tax profits for 1990.

The company also announced a £2.8m placing and open offer. Shareholders can claw back new shares on a 1-for-10 basis at 69p. The shares were unchanged at 73p.

Mr Graham Davies, chairman, said trading was depressed by high interest rates, and profits were hit by bad debts as customers went into receivership. He said the pre-tax fall was "a very creditable performance" in the circumstances.

The group wants the new money to fund expansion in anticipation of a fall in interest rates and improvement in the trading climate. It bought a branch in Canterbury, Kent, last summer and three branches in London last month. It is also improving two existing branches.

Group sales were 10 per cent lower at £77.65m and operating profits fell some 22 per cent to £2.92m. There was a rise to £805,000 (£590,000) in net interest charges and an exceptional credit of £188,000 (debit £91,000).

Earnings per share fell 17 per cent to 3.96p (4.77p). A maintained final dividend of 2.6p gives an unchanged total of 3.9p, just covered by earnings.

LEGAL NOTICES

METROPOLITAN REAL PROPERTY PLC

Registered Number 1626876
Nature of business. Property Developer
Trade classification 23
Date of appointment of Joint Administrative Receivers. 4 April 1991
Name of person appointing the Joint Administrative Receivers. Abbey National Pension Funds Trustee Company Limited and Abbey National Pension Funds (Holdings) Limited
Christopher John Hughes and John Martin Iredale
Joint Administrative Receivers
(Office holder numbers 2041 and 2104) of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ

OBITUARY

CLOUGH On April 5, 1991, peacefully at home, Wendell Snow, aged 76, beloved husband of Frances, father of Nicholas & Alison, grandfather of Jamie, Christian, Robin & Ariana. Family funeral. A Service of Thanksgiving to be held in London in early May, date to be announced. Donations, if desired, to the British Lung Foundation

Laidlaw withdraws share trade allegation

By Richard Gourlay

LAIDLAW, the Canadian waste management group, has amended a lawsuit in a New York court to withdraw allegations that Mr Michael Ashcroft, the chairman of ADT, used inside information to trade in shares of BAA, formerly British Airports Authority.

Mr Ashcroft had vigorously denied the allegation that he traded a personal block of BAA shares and produced stockbrokers' sale slips that showed ADT was the only company to sell a large block on November 29 last year.

Mr Donald Jackson, President of Laidlaw, also welcomed statements made by Mr Ashcroft as "a positive first step" towards allaying some of the concerns Laidlaw had expressed in its April 1 court case in New York.

Mr Jackson and Mr Ashcroft are to meet in Toronto today when Laidlaw releases quarterly earnings figures. Mr Ashcroft is on the Laidlaw board.

The Laidlaw court suit alleges that ADT and some of its directors manipulated ADT's share price through "rigged" sales of assets with controlled affiliates which boosted its profits.

"Mr Ashcroft's statement related to the listing of ADT shares on the New York Stock Exchange, adopting quarterly reporting, establishing an audit committee and reconstituting the ADT board of directors to include independent directors and Laidlaw nominees," Mr Jackson said.

Laidlaw currently has no seats on ADT's board in spite of controlling 28.4 per cent of its stock.

Mr Ashcroft yesterday met institutional shareholders in New York.

Geographic spread helps Laird Group

By David Owen

Laird Group's geographic spread across the UK, France, Germany and the US gave it some comfort last year as its automotive, building and packaging products began to feel the recession.

But the 10 per cent decline to £38.88m in 1990 pre-tax profits still reflected lower or stagnant earnings in all divisions.

Sealing systems made profits of £18m (£19.8m) on turnover of £175.3m (£160.8m); industrial products generated £16.1m (£17.1m) on turnover of £170.7m (£146.8m); and service industries made a same-again £10.2m on turnover of £142m (£131.8m).

Earnings per share dipped to 24.4p (30.8p). A final dividend of 6p is recommended, making a total of 10p (9.7p).

● **COMMENT**

The timing and extent of a resumption of earnings growth looks to depend quite heavily on the German automotive market. Under the favourable scenario, demand stays high and plenty of new-model Kadetts and Golfs get shifted, giving Laird a boost since the value of the seals it will supply for these new vehicles is significantly higher than the value of seals supplied for the old marques. This could coincide, moreover, with a turn for the better in the French automotive and UK building products markets. If things turn out badly, German demand could fall just as the group is encountering teething problems at its new plants and product lines. Either way, the group looks one of the sounder bets for the patient investor in what is a relatively depressed sector. Given profit expectations for 1991 of £33m, the prospective p/e is just under 11.5. This falls to below 10, however, on the assumption that 1992 profits revert at least to last year's levels.

Battle looms over Zantac ulcer drug

Clive Cookson and Bernard Simon on a challenge to a Glaxo patent

THE pharmaceutical industry was expecting several companies to produce competing versions of Zantac, the world's best-selling drug, when Glaxo's first US patent on the ulcer treatment expires in 1995.

But few observers predicted that the challenge would come as soon as it has.

Last month the US Food and Drug Administration notified Glaxo, the second largest international pharmaceutical group, that Genpharm, an obscure Canadian company, had filed an "abbreviated new drug application" to market a generic (unbranded) form of Zantac.

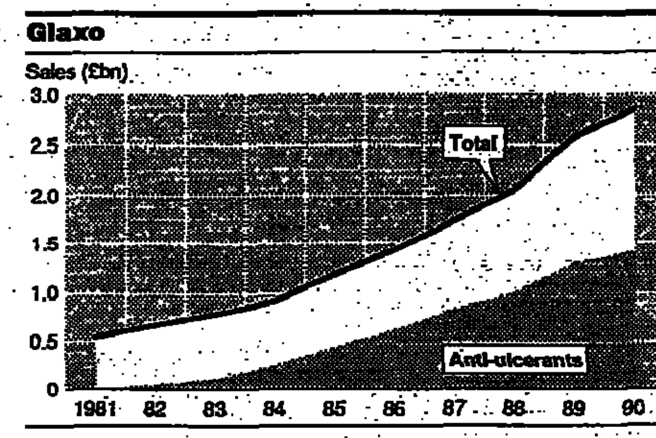
On Monday, Glaxo started legal proceedings against Genpharm for patent infringement.

Genpharm is a secretive company, which was set up in Canada in the mid-80s by David and Tony Tabatznik, a South African father and son who were seeking to expand their pharmaceutical business outside South Africa.

The Tabatzniks also own companies in the UK, Australia and New Zealand. Generics (UK), the British company, has a record of taking aggressive legal action against large drug manufacturers for the right to manufacture or import generic versions of their branded products. It has challenged SmithKline Beecham over the ulcer drug Tagamet and Glaxo over the asthma drug Ventolin.

Outsiders estimate that Genpharm has annual revenues of about C$10m (£4.9m). Its main product is Glyburide, an anti-diabetic. But according to the Canadian department of consumer and corporate affairs, it has applied for licences on another 30 to 40 brand-name drugs.

Glaxo and Genpharm are set to fight a protracted and extremely complex legal battle through the US courts. And now that Genpharm has the made the first move, other generic manufacturers may accelerate their own independent plans to challenge the Zantac patent.



Although Genpharm would not comment on its intentions, observers say that the company probably wants to get in ahead of the competition in preparation for the expiry of Glaxo's first US patent on Zantac in December 1995. It could not expect to sell the drug in the US before then. (The equivalent Zantac patent in the UK and most European countries lasts until 1997.)

The outcome of the legal battle will be crucial for Glaxo's financial health in the second half of the 1990s. Zantac accounted for half of the group's £2.8bn sales in 1990 and more than half of its profits. Although Glaxo will have launched several other drugs with blockbuster potential by 1995, it will still be relying on Zantac revenues to fund its research and development programme in the late 1990s.

Indeed, Glaxo hopes to hold generic versions of Zantac at bay in the US until 2002. Although the initial Form 1 patent expires in 1995, it will be relying on the Form 2 patent which runs for a further seven years. Glaxo says that Form 2 – the same chemical as Form 1 but with a different crystalline structure – is the only one which it has actually manufactured or marketed.

Genpharm is believed to be challenging the Form 2 patent on the grounds that it will no longer give valid protection to Zantac after the Form 1 patent expires.

Pharmaceutical analysts disagree on the chances that Glaxo will see off Genpharm and other generic challengers. "We are resolute that Glaxo has a valid patent position on Zantac in the USA until the next millenium," says Mr Steve Plag of County Natwest.

On the other hand, Mr Robin Gilbert of James Capel says: "Our conclusion is that Glaxo's patent cover on Zantac beyond 1995 is quite weak, and there appear to be a number of possible loopholes likely to be exploited by generic competitors."

And Pharmaceutical Business News, an industry newsletter, concludes after analysing the complex issues involved: "This patent is quite weak and unlikely to withstand a determined challenge."

It is no coincidence that the first US challenge to Zantac should come from Canada, where the generic drug industry has flourished since the government passed a law in 1969 forcing drug companies to licence generic versions of their medicines long before the expiry of the original patents. The only other industrialised country with similar legislation is New Zealand.

According to the Canadian Drug Manufacturers Association, which represents the generic industry, sales of generics in Canada now total about C$400m a year, or some 10 per cent of the total prescription and non-prescription drug market. Under the compulsory licensing rules, generic manufacturers must pay the patent holder a 4 per cent royalty.

Several generic versions of Zantac are already on the market in Canada, including one manufactured by Glaxo itself and marketed through a subsidiary of the US firm Upjohn.

Apotex, one of the leading generic manufacturers, claims that the version of Zantac which it launched three years ago has a 50 per cent share of the market. As competition has increased, the price of the Zantac-generics has steadily come down. They now sell for about 40 per cent less than Zantac, compared to a 25 per cent discount when Apotex launched its product.

Mr Jack Kay, vice-president for sales at Apotex, says Glaxo "harassed" his company in several ways to try and prevent its version from reaching the market. The British company threatened litigation against the Canadian government, and warned doctors and pharmacists that the quality of the generic drug would not match Zantac.

Following fierce criticism from the brand-name manufacturers, including threats to withdraw investments from Canada, the government tightened the rules on compulsory licensing three years ago.

Brand-name drugs now have market exclusivity for ten years in the case of imported generics, and seven years if an active ingredient for the generic version is made in Canada.

Apotex and its sister company in the US, Barr Laboratories, are in the process of launching legal action against another UK drug company, Wellcome.

They claim that Wellcome did not discover AZT, its anti-AIDS drug, and thus has no rights to its AZT patent.

Stanhope £33.8m in the red after write-down

By Vanessa Houlder, Property Correspondent

STANHOPE PROPERTIES, the property company headed by Mr Stuart Lipton, announced a £33.82m pre-tax loss for the six months to December 31 1990, compared with a profit of £20.07m.

The result reflected a £25.1m write-down as well as an income shortfall on investment properties and increased overheads.

Stanhope's share price fell from 90½p to 86p.

The provisions were to reduce carrying values of projects helds for redevelopment, such as its sites at Brunswick Wharf, which was reduced by 40 per cent, London Wall, reduced by 50 per cent, Euston, reduced by 15 per cent and the South Bank, which was written off completely.

"The property sector is experiencing the most difficult operating environment since the early 1970s with rents and values under severe pressure," the company said.

Stanhope said that its policy of retaining ownership of all its investment assets had the short-term price of funding income shortfalls, increased by high interest rates. It said the income shortfall would continue in the second six months and then tail off.

The company was "prepared to consider disposals on a selected basis on acceptable terms" of Broadgate, its flagship development in the City, notwithstanding its policy of retaining ownership of the project. It said that since the Gulf war there had been interest from potential investors in several buildings, including number six Broadgate.

Turnover increased from £10.47m to £19.59m with gross profits of £3.82m (£407,000). The share of the loss of associated undertakings, 85 per cent of which is Rosehaugh Stanhope Developments, was £14.73m (£11.84m profits).

Losses per share were 20.37p (7.8p earnings).

See Lex

£6.1m placing as Capital and Regional dives to £352,000

By Vanessa Houlder

CAPITAL and Regional Properties announced a £6.1m placing to buy more property. It also disclosed a fall in pre-tax profits from £3.86m to £352,000 for 1990.

The company has conditionally placed 5.1m shares, representing 29.4 per cent of the enlarged capital, at 120p per share with institutional shareholders. They are being offered to other shareholders on a 5-for-12 basis.

It believed that the current market conditions provided excellent opportunities to invest in good quality property offering historically high returns.

The company said it had benefited from its decision in 1988 to stop buying property and reduce its debt by disposals, which meant that it had no need to sell properties into the subsequent weak market.

Net assets per share fell from 202p to 163p, principally as a result of a 11 per cent reduction in value of its UK portfolio.

Exchange rate fluctuations more than offset the increase in dollar value of its net assets in the US.

Earnings per share slumped from 29.23p to 0.91p. The final dividend is maintained at 0.6p for an unchanged total of 0.9p.

Boosey and Hawkes orchestrates 32% gain

By Michiyo Nakamoto

BOOSEY AND Hawkes, the international music publishing and instrument-making group, benefited from an increase in own-manufactured products and better financial management to report a 32 per cent improvement in profits last year.

The outcome for the 12 months to December 31 rose to £3.25m from a previous £2.46m despite adverse currency movements. About 45 per cent of group turnover in its musical instruments division stems from markets outside the UK and continental Europe.

The shares closed up 28p to 653p.

The rise in profits was attained on higher turnover of £49.1m (£47.24m). Of this, the instruments side contributed £38.8m and the publishing side £10.3m.

Operating profits after costs improved to £5.03m (£4.31m) with instruments and publishing making roughly even contributions of £2.9m and £2.6m respectively.

Mr Richard Holland, chief executive, said that there were still "great prospects for expansion" as the group still had a relatively small market share.

Earnings per share were up 33 per cent to 49.4p (37.2p). A final dividend of 12.4p is proposed, making a total of 16.4p (12.3p) for the year.

Sherwood Computer at £2m

By Alan Cane

SHERWOOD Computer Services continued its return to financial health last year after a disastrous 1988, although tax charges and heavily increased investment in research and development disguised its true profitability.

The Gloucester-based company, which specialises in computer systems for the insurance markets, made pre-tax profits of £2m in 1990, the same as the preceding year. Sales were fractionally down at £24.79m (£25.4m).

After a much higher tax charge, fully diluted earnings per share declined 32 per cent to 17p (25p); but the dividend is lifted by 17 per cent to 5.25p (4.5p) with a final of 3.75p.

Mr Richard Guy, chief executive, said spending on research and development had been increased to £2.6m (£1m).

Profits had also been hit by the poor performance of the company's disaster recovery service.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Alexandra Work	fin	3.2	June 7	3.1	5	4.7
Betacom	fin	nil	-	0.1	nil	1.1
Blockleys	fin	2.86☆	July 1	2.86	4.81	4.81
Boosey & Hawkes	fin	12.4	May 31	9	16.4	12.3
Bostrom	fin	3.5†	May 29	3.5	6	5.75
Bourne End Props	fin	1	July 4	2	2	3
Britannia Gp	fin	1.1	May 31	3.8	3	5.7
Capital & Reg'l	fin	0.6	June 7	0.6	0.9	0.9
City Centre Rest	fin	0.94	June 7	0.815	1.39	1.265
Equity & Law	fin	15.25	July 1	13.2	15.25	13.2
Erith	fin	2.6	May 30	2.6	3.9	3.9
Fairhaven Intl §	fin	0.2‡‡	May 24	0.1	0.2	0.1
Laird Group	fin	6	June 10	5.8	10	9.7
Mowlem (John)	fin	15.35	July 2	15.35	21	21
New England §	fin	nil	-	1	nil	1
Richards	fin	2.75	May 21	2.5	4.4	4
Savoy Hotel A	fin	7	-	7	7	7
Savoy Hotel B	fin	3.5	-	3.5	3.5	3.5
Shandwick	int	1.18†	June 7	0.89	-	3.5
Sherwood Compt§	fin	3.75	June 17	3.75	5.25	4.5
Thompson Clive	fin	3.6	June 3	2	3.6	2
Tudor §	fin	1.7	July 4	1.7	2.7	2.7
UK Land	fin	nil	-	14.5	nil	14.5
Wardle Storeys	int	4	July 1	4	-	15
Wescol	int	nil	-	1.5	-	1.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Carries scrip option. ‡‡US cents throughout.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Smiths Industries, TIP Europe.

Finals- Bilton (Percy), Brabant Resources, Cairn Energy, [illegible]

FUTURE DATES

Interims-
British Assets Trust ... Apr. 22
Clydesdale Inv Trust ... Apr. 22
Ensign Trust ... May 1
Investors Capital Trust ... Apr. 26
Jessops ... Apr. 24
Low (Wm) ... Apr. 18
Lyles (S) ... Apr. 18
McKechnie ... Apr. 23

Finals-
ATA Selection ... Apr. 18
Barlows ... Apr. 18
Bentalls ... Apr. 17
Cannon Street Invs ... Apr. 29
[illegible]

Riva to sue over £3m purchase of Hugin

By Alan Cane

RIVA GROUP, a Bolton-based supplier of electronic point of sale equipment, paid about £3m in late 1989 for Hugin Sweda, an Anglo-Swedish company in the same line of business, hoping to benefit from its extensive network of distributors in continental Europe.

Over the past year, as it delved deeper into the financial affairs of its new acquisition, its euphoria turned rapidly to dismay as it discovered its purchase was in far worse shape than it had believed.

Hugin Sweda subsidiaries had, in fact, hitherto unsuspected liabilities of between £10m and £12m.

Now Riva is sueing the former executive board of Hugin Sweda and is planning to sue its own advisers, accountants KPMG Peat Marwick McLintock, for negligence.

Mr Tom Milne, chairman of Riva, said yesterday that he was hopeful the money would be recovered but that, given due process of law, shareholders should not expect a fast return. KPMG said yesterday that the company had not received notice of legal proceeding against it, and was still Riva's auditor.

Riva's main shareholder is Pavon Investments, a subsidiary of the Foster's Brewing group, which holds one third of the ordinary share capital. Mr Andrew Cummins, group director for strategy at Foster's, said yesterday that his company would continue its support for Riva.

The revelation of the worse-than-anticipated state of Hugin Sweda's balance sheet cast a shadow over what was a creditable performance by Riva in 1990, given the depressed state of the retail business in the UK and elsewhere and high interest rates.

It made pre-tax profits of £778,000 on turnover of £65.96m in the year to December 31, compared with a loss of £697,000 in the six months to end-December 1989.

The result included an exceptional profit of £184,000. Earnings per share amounted to 2.4p (losses 3.3p for the six months to December 1989).

The p and l account is dominated by the net cost of borrowings to cover Hugin Sweda's liabilities – £2.1m in 1990 compared with £407,000 in 1989.

Mr Milne said yesterday: "During last year, due to the unsatisfactory state of Hugin Sweda's affairs, we reorganised the structure of the group. This created an addition to the cost of investment of £13.1m due to undertaking direct liabilities which had previously only been guaranteed.

"This increase in the cost of investment gives no enhancement to the value of our investment in subsidiaries and it is therefore proposed to write off the increase of £13.1m against the share premium account".

He said that with hindsight, he would not have gone ahead with the Hugin Sweda acquisition but there had been some advantages including access to European retail markets.

He was unwilling to predict the company's 1991 performance, arguing that progress was tied to the recovery of the UK retailing sector and the take up of new products in Europe.

Analysts were yesterday predicting pre-tax profits of between £1m and £1.5m in 1991 on sales only marginally higher than 1990.

UK COMPANY NEWS

Shandwick tops £8m and sees signs of recovery

By Alice Rawsthorn

SHANDWICK, the world's largest public relations group, yesterday announced a 12 per cent increase, from £7.27m to £8.12m, in interim profits in spite of a downturn in the marketing services industry.

The interim dividend is raised by 33 per cent to 1.18p (0.89p) and directors said future policy would be to "substantially increase" dividends as the borrowings and deferred payments incurred by acquisitions in the 1980s were reduced.

Shandwick's shares rose by 7p to 106p on yesterday's announcement. The shares have rallied in recent weeks following a steep fall late last year over the controversy surrounding a proposed share sale by Mr Peter Gummer, chairman.

Group turnover rose to £75.59m (£72.9m) and operating profits to £10.12m (£8.81m) in the six months to January 31. Shandwick paid £2.6m (£2.36m) in tax on a slightly lower charge of 32 per cent. It paid £2m (£1.54m) in interest on net debt of £39m at the end of the interim period.

Peter Gummer – the chairman of Shandwick

Earnings per share were static at 6.4p.

Mr Antony Stoddard, deputy chairman, said Shandwick had been affected by the slowdown in the public relations markets in the US and the UK. However, he said this had been offset by new business gains and by market growth in continental Europe and Asia Pacific.

Shandwick has been cutting costs to counter the slowdown. It has reduced its US workforce by roughly 100 to 900 people through redundancies and natural wastage. It has also made 30 people redundant in the UK.

The group hopes to reduce borrowings to £30m by the year-end. It has already paid £8m in deferred acquisition costs this year and faces further payments of £6.5m for each of the next four years.

Shandwick is extending its year end from July 31 to October 31. As a result it will pay an additional interim dividend this year as well as its final dividend.

The public relations markets in the US and the UK are still affected by recession.

However, Mr Stoddard said there were now "some signs" of recovery.

City Centre Restaurants edges ahead to £10.64m

By Clare Pearson

CITY CENTRE Restaurants said yesterday that travel disruption, the Gulf war and the recession had all kept customers away from its Garfunkel's, Deep Pan Pizza and other outlets so far this year.

The statement followed a deterioration in trading in the second half of 1990 which held the advance in pre-tax profits for the year to just over 5 per cent, from £10.12m to £10.64m.

However, Mr Bruce Johnson, chairman, said the company had recently reversed its policy of reducing the rate of expansion in 1991. This was owing to indications that the UK economy would slowly improve and because newer outlets had been performing satisfactorily, even in a recessionary environment.

Expansion would focus on the Deep Pan Pizza division. The company also operates restaurants under the names Biguns Ribs, Chiquito Mexican and Filling Station.

There would, however, be significantly fewer openings this year than last, when the number of restaurants rose from 124 to 149. That lifted turnover to £75.72m (£63.03m).

During the second half operating profits rose by only 2 per cent compared with 34 per cent in the first six months. For the whole year, the volume of covers in established units fell by about 6 per cent. Net operating margins were 13.3 (14.1) per cent.

Substantial expenditure on new openings in 1990 cut net interest receivable to £595,000 (£1.27m).

The final dividend is increased to 0.94p making 1.39p (1.265p) total. Earnings amounted to 4.04p (3.72p).

Wardle Storeys declines 15% to £4.3m

By Jane Fuller

PROFIT INCREASES for parachutes and life rafts failed to offset a downturn in Wardle Storeys' plastic fabric business. Overall, pre-tax profit fell by 15 per cent to £4.29m in the six months to February 28.

The decline, from £5.03m, came on a 2 per cent reduction in turnover to £39.78m (£40.59m). Operating profit fell by 24 per cent to £2.45m (£3.23m), while interest income improved to £1.84m (£1.8m). Mr Brian Taylor, chief executive, said the group had continued to add to its cash pile of more than £30m.

In the technical products (plastics) division, operating profit fell sharply to £1.02m (£2.49m) on sales of £28.28m (£30.41m). Mr Taylor said this followed a 15 per cent drop in volume in the UK, which accounted for three quarters of turnover. Worst affected were orders from the car industry.

Ill effects had included short runs and less efficient use of power and labour. Raw material prices had also increased because of the Gulf crisis. These negatives had been partly offset by £700,000 in overhead savings, including 180 jobs shed over 18 months.

In the smaller safety and survival equipment division, operating profit doubled to £1.43m on turnover of £11.5m (£10.18m). More than 60 per cent of sales were exported.

Mr Taylor said GQ Parachutes had concentrated on higher value products and was benefiting from greater military emphasis on mobility. At RFD Inflatables, profit had trebled as problems had been ironed out and production concentrated on one site.

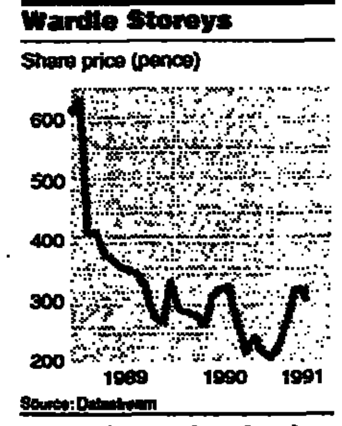
At its present size, however, the survival division could not make up for the ground lost by technical products.

Mr Taylor said that recession-vulnerable division faced even more of a struggle in the second half – a comparatively good period last year.

The group was looking at five possible acquisitions. Priorities were to expand life-raft and plastics businesses overseas. After two failed hostile bids in 1987 and 1988 (for Chamberlain Phipps and Armstrong Equipment), Mr Taylor said he was looking for agreed deals.

The interim dividend is maintained at 4p, payable from earnings of 11.2p (13.2p) per share.

Wardle Storeys



Source: Datastream

The share price closed at 304p yesterday, down 14p. It has recovered from a low of 205p in December, but has not regained its 1990 high of 335p.

Expamet seeking £21m cash to cut borrowings

By Clare Pearson

EXPAMET International, the building, security and industrial products group, is raising £21m in a 1-for-3 rights issue aimed at sharply reducing its high level of borrowings.

This follows the company's promise, when it announced 1990 results a month ago, that it would be making debt reduction its big priority for the current year.

Unusually on the announcement of a rights call, the shares gained 2p to 170p. The issue is of 15.84m shares at 135p each.

Before the rights, borrowings were £35.5m compared with shareholders' funds of £5.4m, reduced by goodwill write-offs notably for Radionics, the US acquisition made in 1989. Cash balances stood at £3.9m.

Yesterday Mr Alex Orr, managing director, said although the bulk of the issue proceeds would go to reduce borrowings Expamet also expected to make some modest acquisitions during the year.

The company said it wanted to make a small purchase in continental Europe to build up its hydraulic bladder accumulator business, where it is a world leader. It also wished to create a European network based on its Dutch ducting business.

Expamet said current year trading had been affected by severe winter weather, hostilities in the Middle East and depressed economic conditions. However, it was continuing to increase market share in its three areas.

Mr Orr said that, if the acquisitions went according to plan, he expected the company to have about £7.5m debt by the end of the year and shareholders' funds of about £23m.

Shareholders to decide fate of Europa directors

By Kenneth Gooding, Mining Correspondent

THE BOARD of Europa Minerals, the mining finance company under siege by rebel shareholders, said yesterday that resolutions to re-elect three directors would be put to the annual meeting today in spite of objections by the dissident group.

The rebels, led by Mr Alastair Holberton, who was dismissed last July after seven months as Europa's managing director, said on Monday that counsel's opinion was that the board's resolutions to re-elect Mr Arthur Smith, the new chief executive, Mr Kenneth Lane and Mr Robert Rice, were invalid.

Europa's board replied yesterday that they had leading counsel's opinion that the rebels' claim was "without merit."

Mr Holberton said that most small shareholders supported the rebel group's attempt to have himself and Mr Robert Hubbard elected to the board. However, the issue would ultimately be decided by institutional shareholders.

The board last week ruled out a resolution to appoint Mr Nicholas Elliott as chairman because proper notice ahead of the AGM had not been given.

● Europa's share price last night was down 3p to 17p. A chart in yesterday's report on the Europa battle inadvertently showed the price at zero.

P & O listing in HK

P & O is to seek a Hong Kong listing. Lord Sterling, chairman, said he saw Hong Kong becoming the Pacific rim headquarters for P & O's interests, mainly the construction, shipping and transportation businesses.

NEWS DIGEST

Blockleys downturn to £3.3m

BLOCKLEYS, the maker of bricks and clay paviors, saw pre-tax profits fall from £5.37m to £3.28m in 1990, as the industry suffered from high stocks, reduced output and substantial price discounting.

However, the performance was considered satisfactory under the circumstances, said Mr Brian Taylor, chairman and managing director.

Blockleys kept selling at full list price in order to retain satisfactory margins, and its operating margin came out at 31 per cent (36 per cent) on turnover of £14.3m (£17.8m).

Mr Taylor said unless there was a significant fall in interest rates there would be "little opportunity" for improvement in trading this year.

Demand for paving products held up well, and sales volume grew. But competition in that market was expected to increase this year.

Earnings fell to 9.16p (14.03p). The final dividend is again 2.86p for an unchanged total of 4.81p.

Britannia Group £1.2m write-off

Britannia Group, involved in property dealing and construction, has written off £1.2m for diminution in land values in 1990.

That exacerbated difficult trading and resulted in a pre-tax profit of £631,000, compared with £3.04m in 1989. Earnings per share slumped to 3.5p (16.9p) and the final dividend is 1.1p for a total of 3p, down from 5.7p.

Interest was being shown in certain of the group's development properties, which it hoped to sell in the foreseeable future.

Wescol again suffers customer failure

Wescol Group, the USM-quoted structural engineer, has again been hit by the failure of customers. Added to its problems of difficult trading and higher interest payments, that has led to a loss of £180,000 in the half year to January 31 1991.

Last year the failure of Rush & Tompkins was the main reason for £1.19m exceptional provisions. After a first half profit of £910,000 the group finished with only £60,000 for the whole year.

Mr John Hicks, chairman, said the appointment of receivers to the Elliott group had resulted in exceptional losses of £579,000 on the final stages of contracts at Stansted Airport being handled by three subsidiaries.

Following the Rush & Tompkins collapse, the group negotiated insurance cover to provide substantial protection on most contracts, but that was not in place in time to cover the Elliott contracts, Mr Hicks explained.

Turnover improved to £13.33m (£12.96m); but operating profit fell to £592,000 (£1m) before exceptionals, and interest charges took £100,000 more.

Losses per share came to 1.1p (earnings 6.4p). There is no interim dividend, whereas last year it was 1.5p but there was no final.

New England Props halved

Profits of New England Properties, the USM-quoted property trader and developer, fell from £3.11m to £1.55m pre-tax for 1990.

The 50 per cent downturn was struck from turnover £1.91m lower at £2.98m. Earnings declined to 1.2p (2.9p) and the dividend for the 12 months is omitted – shareholders received 1p previously.

Below the line, an extraordinary provision of £3.33m reflected the problems, announced at the interim stage, of the County Hall Development Company, together with severence costs.

At the year-end net asset value per share stood at 22.5p (29.5p).

Bourne End runs into loss of £2.2m

Bourne End Properties incurred a loss of £2.21m in 1990, compared with a profit of £994,000.

Property sales generated profits of only £83,000, against £2.05m, although rental income advanced to £3.61m (£906,000). Interest charges, however, jumped to £4.56m (£1.45m).

Mr Julian Benson, chairman, said the main reason for the operating loss was the shortfall of rental income from unlet units at the completed Meadowbank, Bourne End development.

When the company acquired the Magnet units it bought an interest rate cap in respect of £15m of the borrowings at 13 per cent for three years. It has been decided to write down the value of the investment to zero, resulting in an exceptional loss of £585,000.

The current rental was £4.2m rising to £5.3m over the next two years, Mr Benson said.

Losses per share came to 26.3p (earnings 8.9p). The final dividend is halved to 1p for a total of 2p.

Fairhaven advances 38% to $10m

Fairhaven International, the USM-quoted specialist within the oil, gas and petrochemical construction industries, lifted pre-tax profits by 38 per cent to $10.13m (£5.7m) in 1990 compared with $7.32m previously.

Turnover improved by 72 per cent from $175.14m to $301.13m and the current order book ensured a high level of activity in 1991 could be maintained.

Mr James Davidson, chairman, said the company was considering what involvement, if any, it should have with the reconstruction of Kuwait and other projects arising from the Gulf war.

A doubled dividend of 0.2 cents for the year is recommended, payable from earnings per share of 3.55 cents (2.45 cents).

As already announced the company intends to apply for a full listing this year.

Thompson Clive progresses

Gross revenue of Thompson Clive Investments rose from £1.19m to £1.54m in 1990 and after a £155,000 rise in tax to £261,000, available profits showed an improvement of 49 per cent at £519,000.

Net asset value per share at the year-end totalled 163.8p (177.1p). Undiluted, the figure amounted to 168.9p (183.6p). Earnings worked through at 4.1p (2.7p) and the single dividend is lifted from 2p to 3.6p.

The company said that over the next five years it intended to progressively liquidate the assets of Thompson Clive Asset Management, its non-investment trust status subsidiary, and distribute the profits as dividends to shareholders.

Increased interest charges hit Tudor

Taxable profits at Tudor, the USM-quoted ceramic tile, flooring and glassware group, declined from £384,000 to £325,000 over 1990.

The setback, however, was entirely attributable to increased interest charges of £149,000 (£64,000); the outcome at the trading level moved ahead by some 6 per cent to £474,000 (£448,000).

After tax of £119,000 (£52,000) earnings worked through at 3.66p (5.94p) per share. A maintained final dividend of 1.7p keeps the total at 2.7p.

COMMODITIES AND AGRICULTURE

Advance in precious metals prices

GOLD BULLION gained another $2.95 a troy ounce in London yesterday to close at $364, writes Kenneth Gooding.

This followed a $3.55 rise on Monday which took the precious metal above $360 an ounce for the first time in two weeks. Activity was flat and thin in both Tokyo and Europe before the New York Commodity Exchange opened to spark some life into the market, said analysts.

Mr Andy Smith, analyst with the Union Bank of Switzerland, forecast that gold would average only $345 an ounce during the second quarter this year.

Silver closed in London yesterday at $4.04 an ounce, up 5.5 cents, while platinum rose by $2 to $404.50 an ounce.

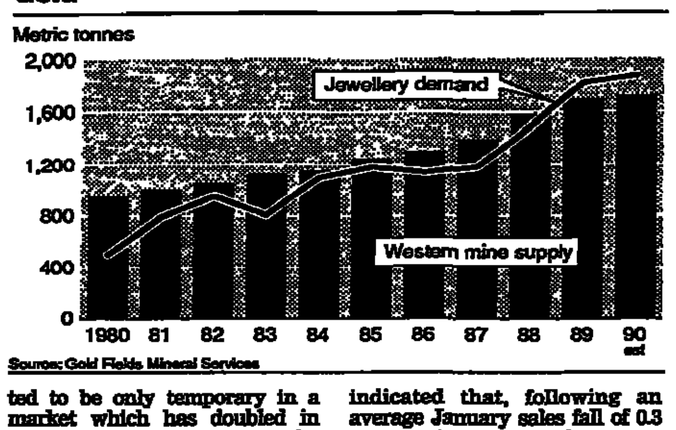
Tonnage of gold used in jewellery set to remain at record levels

By Kenneth Gooding, Mining Correspondent

GOLD USED in jewellery manufacture reached a record *1,885 tonnes last* year and there are indications that, in spite of the recession in some important markets, the tonnage consumed in 1991 will stay at this level, according to the World Gold Council.

For the second successive year, gold used in jewellery accounted for more than all the western world's newly-mined gold – estimated at 1,720 tonnes in 1990, said the council, a Geneva-based promotional organisation backed by gold producers worldwide.

Gold



Source: Gold Fields Mineral Services

Last year Europe's consumption of gold for jewellery increased by 10 per cent; US consumption remained flat; and Japan's use of gold in jewellery fell by 7 per cent.

The council says the Japanese figures were distorted because in 1989 a new tax caused the trade to build up supplies and new retailers were stocking up with gold jewellery for the first time.

"The 1990 downturn is expected to be only temporary in a market which has doubled in size over the last five years," the council suggests in a report to members.

It says early results from Europe suggest that the tonnage of gold consumed in jewellery could be up by 1 per cent in 1991.

In the US, reports from a sample of 7,000 jewellery outlets indicated that, following an average January sales fall of 0.3 per cent against the same month last year, February was 3.5 per cent ahead. March saw a further substantial recovery, particularly at the higher-cost end of the market.

Japan is projecting a volume of 120 to 125 tonnes – about the same or marginally ahead of 1990.

Salvaging wealth from a war-torn state

Julian Ozanne finds optimism in Angola's state-owned diamond mining company

ON THE wooden bookcases in the office of the managing director of Endiama, Angola's state-owned mining company, a glass book-end with an engraving of Lenin is sandwiched between thick mining reports, Donald Trump's autobiography and "The Money Game".

Trump has surpassed Lenin as the economic mentor of Endiama – the company responsible for a dramatic turn-about in the fortunes of Angola's diamond industry in the last four years.

Under largely autonomous and aggressive corporate management since 1987, Endiama has boosted production from 267,000 carats in 1986 to an estimated 1.4m carats in 1990, according to Mr Noe Baltazar, managing director.

A successful rehabilitation strategy, re-establishment of contracts with foreign operators and independent marketing of production outside De Beers Central Selling Organisation, which controls 80 per cent of the rough diamond market, has allowed the company to maximise foreign exchange earnings, estimated at about $240m-$250m (£136m-£141m) last year. Angola is once again the seventh largest diamond producer in the world in both volume and value terms.

Mr Baltazar is confident that diamond production will continue to increase slowly towards the 1974 peak levels of 2.3m-2.4m carats. A ceasefire in the 16-year-old civil war and the reopening of areas which are at the moment insecure and inaccessible will be essential to achieving that goal but the long-term prospects of the industry hinge mainly on a resumption of prospecting and investment in kimberlite mining.

The vast potential of untapped kimberlites and the massive investment needed to develop kimberlite mining in Angola prompted Endiama to go back to selling about 80 per cent of its production through the CSO from the beginning of this year.

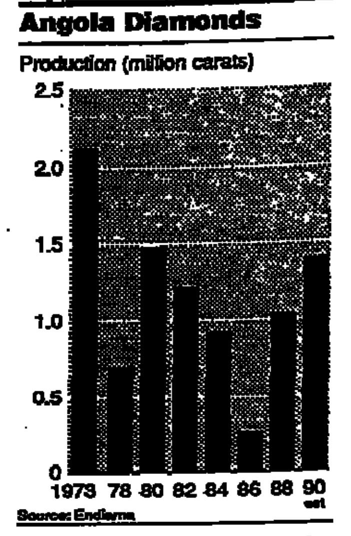
In return, De Beers has pledged $125m for three projects: a $50m loan to Endiama to develop new areas of alluvial mining in the Cuango River area; a $50m investment in geological and economic surveying of kimberlites; and $25m for the construction of a diamond evaluation centre in Luanda.

This current health of the diamond industry is a far cry from the dark days of 1986 when production dropped to 267,000 carats, the exclusive marketing contract with the CSO was ended after the government accused De Beers of devaluing its diamonds, and the state mining company Diamang was seriously indebted with its foreign exchange costs vastly exceeding its earnings.

Several factors had brought the diamond industry to its knees since the peak production level of 1974: the exodus of thousands of skilled Portuguese workers after Angola gained independence from Portugal in 1975; followed by nationalisation of most foreign and private holdings in Diamang.

Production fluctuated wildly but from 1983 Unita, Angola's rebel movement, identified the diamond mining industry as a principal target and began sabotaging roads, bridges and infrastructure and kidnapping expatriate diamond workers.

Angola Diamonds



Source: Endiama

In 1984, Cuango, one of the three mining divisions and main source of production and the highest quality stones, was closed under rebel pressure. Inefficient management and the high costs of air transport had crippled Diamang. Widespread theft and diamond trafficking through Zaire, and disagreements with De Beers over the CSO and proposals for operations compounded the crisis.

In 1986, the government dissolved Diamang and gave the green light to Endiama to reorganise the industry.

"We were given the freedom to put in a new lay-out of production based on diversified operators and to apply management efforts to reducing costs and increasing productivity," said Mr Baltazar.

In 1986 Endiama signed a mining contract with Roan Selection Trust, a subsidiary of ITM International, to reopen operations at Cuango. A second mining contract was negotiated with Sociedade Portuguesa de Emprendimentos – a hang-over from the old Portuguese holdings in Diamang – to mine diamonds at Lucapa. Both are management contracts based *on fixed* costs with a significant production bonus paid in foreign exchange. Endiama is also operating a small mine itself.

When the exclusive selling contract with the CSO expired in December 1985, the government decided to market its production independently. The biggest diamond dealers in Antwerp were invited to Luanda in 1986 to bid for the stones and four were chosen to sell Angola's diamonds on commission. Endiama also entered a joint venture with Lazar Kaplan International to polish and sell about $20m worth of gem diamonds extracted from the Cuango operation.

The Endiama strategy worked well for Angola, partly because it was selling into a rising market and its independent diamond merchants asked for much lower mark-ups than the 11 per cent demanded by the CSO.

"It was very good for us because it gave us the feeling of the value of our goods and how marketing works properly. But it was only good for a rising market and Angola has the potential to be a major producer which could damage the market if it is not handled properly," said Mr Baltazar.

The current agreement with De Beers only covers the production of the Cuango area, about 80 per cent of Angola's total production. Endiama appears determined to market the remaining diamonds itself and is establishing its own selling company to open in Antwerp shortly. Endiama is also opening an office in London with Angolan sorters and a master sample of Angolan diamonds.

The company is also negotiating to purchase a share in Dialap, a state-owned Portuguese cutting and polishing company.

The end of the war is crucial for the sector's further development. A ceasefire will save the estimated $25m spent annually by Endiama on air transport; reopen previously inaccessible mining areas; allow much better policing to prevent the $50m of diamonds smuggled to Zaire every year; bring $30m-50m of production by Unita back into official channels; and, most importantly, allow a serious evaluation of the kimberlite prospects.

The kimberlite potential has not been explored fully but several pipes with high prospects have already been identified. Mr Baltazar is confident that development of kimberlite mining, at a probable cost of at least $1bn and an estimated production of 3m-4m carats a year, will go ahead with De Beers within the next two to five years.

Delay for coffee agreement seen

By David Blackwell

THE WORLD coffee market will have to wait until September's full council meeting of the International Coffee Organisation before any seeing signs of progress towards a renewed international agreement, according to the latest market report by E. D. & F. Man, the London brokers.

Man does not believe Brazil will have sorted out a coherent policy in time for the ICO's executive board meeting on May 2.

The Brazilian government may want to return to an export quota system in order to boost prices, but it has not chosen an easy method or time to carry out its plans, says Man, referring to the suspension of export registrations last month. Export registrations were restored this week after pressure from the Brazilian trade.

Man says the ICO's negotiation process and formal ratification by member governments usually takes at least two years, and the current agreement expires in September next year. The re-introduction of quotas in any shorter time "would be very difficult if only due to the quantity of consumer stocks currently overhanging the market".

Brazil will have to realise that many producer members of the ICO will be demanding a greater share of quotas in a new agreement based on recent export performance. This was the very issue which led to the collapse of the export quota system in July 1989.

India seeks new rubber regions to cut imports

By Kunal Bose in Calcutta

THE INDIAN Rubber Board has sought world bank assistance to reduce the import of rubber with a five-year project to promote rubber cultivation over 40,000 hectares in the north-east of the country.

The Indian government has been promoting cultivation of rubber in new areas by offering cash assistance, high yielding materials and research and development support for some years.

Nearly 50,000 hectares in non-traditional areas – such as Tripura, Assam, Andamans, Goa, Orissa, Karnataka and Maharashtra – have been converted for rubber. The north-eastern state of Tripura has emerged as the fastest growing rubber producing centre in the country.

To make India self-reliant in rubber, the government has raised the benchmark price of rubber by about 20 per cent to Rs21,500 (£620) a tonne. The all-India Rubber Industries Association resented this move saying there was no reason for Indian rubber to be much more expensive than rubber grown in south-east Asia when India had a comparative advantage in labour cost.

Indian productivity of 1,030kg per hectare is also more or less at par with other producers and about 5 per cent of rubber goods produced in the country is exported.

Industry sources believe that India has recorded a 12 per cent increase in rubber production to 333,000 tonnes during 1990-1991.

The official projection is that during 1994-1995, the rubber production will be 481,000 tonnes, 3,000 tonnes short of the expected domestic demand. By the turn of the century, the domestic demand for rubber will rise to 707,000 tonnes, against an expected production of 690,000 tonnes.

Venezuelan exports of iron ore fall

By Joe Mann

VENEZUELA last year produced 20.1m tonnes of iron ore and exported 13.7m, according to government figures.

Production in 1990 increased by 9 per cent on the previous year, while exports fell 5 per cent. The Venezuelan government estimated its proven reserves of iron ore at 2bn tonnes for 1990.

Venezuela is pushing to make enriched, pre-reduced iron ore briquettes for export.

Sivensa, a Venezuelan steelmaker, opened a plant with capacity for making 600,000 tonnes of briquettes a year while Fior, a joint venture between the government and Sivensa, can produce up to 400,000 tonnes a year.

The government has signed letters of intent Canadian, Italian and US companies for the construction of joint-venture plants to produce iron ore briquettes for export.

Drought to reduce Brazil soyabean crop

By Victoria Griffith in Sao Paolo

A SEVERE drought will reduce the soyabean crop in Rio Grande do Sul, Brazil's southernmost state which accounts for almost a third of the country's crop, by an estimated 51 per cent from last year.

The Brazilian Geographical and Statistical Institute (IBGE) predicts a crop of 3.06m tonnes for the state, down from a December forecast of 5.48m tonnes.

The failure of soyabeans and other crops amounts to a $719m (£406m) loss for the state's farmers, according to Mr Felix Azanbuja Contreira Rodrigues, agricultural analyst for the state, who based his calculation on current commodities prices.

Corn has also suffered from the drought, according to the IBGE, and the crop will be 28.6 per cent lower than last year.

Heavy losses are also expected for black beans. Only the rice crop seems safe, due to widespread irrigation.

Last week, Brazil's Ministry of Economics announced a $300m lending programme for agriculture, aimed at small producers of basic foods such as corn and rice.

According to the government, farmers will need less help this year as the drought will push up domestic prices.

However, Mr Azanbuja insists the drought has left farmers worse off than ever.

"Maybe the corn growers will be able to recuperate some of their losses with a price hike," he said, "but soyabean prices, which depend on international production, are unlikely to rise enough to provide much of a cushion.

"The money the government is offering farmers is hopelessly inadequate."

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,700-1,750 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.65-2.90 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 1.60-1.85 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 13.90-14.25 (13.70-14.10).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 135-150 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.50-2.55 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 50–57 (48.50-55).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.55-2.65 (same).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 9.30 (9.50).

LME WAREHOUSE STOCKS (As at Monday's close) tonnes

Aluminium	+2,850	to 339,325
Copper	+625	to 218,850
Lead	−75	to 70,625
Nickel	−372	to 5,292
Zinc	+100	to 66,550
Tin	+215	to 18,060

WORLD COMMODITIES PRICES

MARKET REPORT

Zinc prices firmed sharply on the LME during the late afternoon as the market shook free of resistance around the $1,200 a tonne level and raced towards its next target of $1,225 for three month metal. Traders said the market had been in a narrow $1,180 to $1,200 range for a considerable time and it was no surprise that once the range was broken it resulted in a sharp price movement. Lead eased again. Overnight news that Doe Run had cut its primary metal output by 60,000 tonnes a year to combat oversupply initially helped to underpin prices, but its effect was shortlived. Analysts said the Doe Run measure may help to curb rising lead stocks, a factor that would come into play when demand picked up. Cocoa prices recovered some of Monday's losses in both London and New York. London closed near the day's highs, boosted by industry price fixing purchases and profit taking on short positions. Dealers said prices remain locked within a fairly narrow band, with underlying support from manufacturers and overhead selling interest from origins such as the Ivory Coast. One New York dealer said the market was "just thrashing around."

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.60-4.70u	-0.10
Brent Blend (dated)	$18.45-8.60	-0.15
Brent Blend (May)	$18.75-8.80	-.175
W.T.I. (1 pm est)	$20.15-0.20u	-0.10
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$228-230	
Gas Oil	$176-177	-1
Heavy Fuel Oil	$69-71	
Naphtha	$188-190	+0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$364.00	+2.95
Silver (per troy oz)♣	404.00c	+5.50
Platinum (per troy oz)	$404.5	+2.0
Palladium (per troy oz)	$94.25	+1.75
Aluminium (free market)	$1410	-5
Copper (US Producer)	112½c	
Lead (US Producer)	35c	+1
Nickel (free market)	413c	-1
Tin (Kuala Lumpur market)	14.91r	+0.04
Tin (New York)	257c	-1
Zinc (US Prime Western)	62c	
Cattle (live weight)†	109.83p	-0.47*
Sheep (dead weight)†	201.20p	-3.80*
Pigs (live weight)†	84.76p	+0.21*
London daily sugar (raw)	$231.0t	+8.4
London daily sugar (white)	$301.0t	+2.7
Tate and Lyle export price	£238.0	+2.0
Barley (English feed)	£124	
Maize (US No. 3 yellow)	£176	+0.5
Wheat (US Dark Northern)	£97	
Rubber (May)♥	51.25p	-0.75
Rubber (Jun)♥	52.00p	-0.75
Rubber (KL RSS No 1 Apr)	225.5m	
Coconut oil (Philippines)§	$330t	+15
Palm Oil (Malaysian)§	$325x	
Copra (Philippines)§	$227.5q	
Soyabeans (US)	£153	-1
Cotton "A" Index	83.90c	+0.50
Wooltops (64s Super)	342p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jun/Jul t-Apr/May u-May. x-Apr/Jun. s-May/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	204.00	205.00	204.60 202.40
Aug	206.00	213.00	208.60 206.00
Oct	203.80	207.48	207.00 203.20
Dec	200.40	203.80	204.00 201.00
Mar	199.40	203.40	202.20 200.00
May	201.40		203.00
White	**Close**	**Previous**	**High/Low**
May	298.0	299.0	299.0 297.5
Aug	293.5	296.9	295.5 292.5
Oct	270.5	273.9	272.5 268.7
Dec	267.5	269.9	267.5 265.7
Mar	269.8	273.4	270.5 267.7
May	271.5		271.5 269.2

Turnover: Raw 2428 (1681) lots of 50 tonnes. White 1081 (1644)
Paris- White (FFr per tonne): May 1684, Aug 1665, Oct 1542.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
May	18.83	18.81	18.93 18.77
Jun	18.45	18.42	18.55 18.38
Jul	18.25	18.20	18.37 18.18
Aug	18.20	18.23	18.20 18.08
Sep	18.08	18.23	18.08
IPE Index	18.91	18.65	18.91

Turnover 9901 (18575)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Apr	178.50	176.25	176.75 174.75
May	169.50	169.50	169.50 167.75
Jun	166.00	166.50	166.25 165.25
Jul	166.00	167.00	166.00 165.00
Aug	168.25	168.00	168.25 166.50
Sep	169.50	169.50	170.00 169.00
Oct	172.50	171.50	172.50 171.50
Nov	172.50	172.50	173.50 172.50

Turnover 7663 (5941) lots of 100 tonnes

JUTE
April/May c and f Dundee BTC $505, BWC $525, BTD $470, BWD $485; c and f Antwerp BTC $495, BWC $500, BTD $460, BWD $460.

COTTON
Liverpool- Spot and shipment sales for the week ending April 5 amounted to 126 tonnes against 124 tonnes in the previous week. Quiet trading persisted with interest shown in American and Soviet growths.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	650	642	650 640
Jul	678	668	678 667
Sep	700	691	700 691
Dec	732	722	732 720
Mar	761	751	761 749
May	779	770	777 770
Jul	798	791	797 791

Turnover: 3894 (6151) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 9 831.96 (846.35) 10 day average for Apr 9 862.30 (866.07)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
May	596	598	595 583
Jul	601	610	608 599
Sep	618	624	623 615
Nov	634	639	638 632
Jan	648	654	653 647
Mar	664		669

Turnover: 5272 (3807) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 8 : Comp. daily 72.53 (72.36). 15 day average 72.75 (72.70)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	130.0	125.0	135.0 130.0
May	144.0	151.2	153.0 142.0
Apr	131.5	129.5	131.1 130.0

Turnover 174 (191) lots of 40 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	119.50		120.00 119.50
Jun	117.50	118.00	118.50 117.50
Aug	120.00	120.50	120.00

Turnover 124 (150)lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Apr	1528	1527	1533 1522
May	1434	1429	1430 1420
Jul	1161	1150	1165 1160
Oct	1260		1270 1265
Jan	1303		1310
BFI	1611	1608	

Turnover 360 (202)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	137.95	138.75	138.00 137.15
Jun	139.95	140.85	140.35 139.10
Nov	114.40	114.40	114.45 114.20
Jan	117.85	117.75	117.85 117.75
Barley	**Close**	**Previous**	**High/Low**
May	117.25	118.75	118.00 117.00
Sep	107.75		
Nov	111.75	111.75	

Turnover: Wheat 303 (242), Barley 52 (25).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	114.5	114.0	114.0
Jul	114.0	114.0	114.0
Aug	114.0	114.0	114.0
Sep	114.0	114.0	114.0
Oct	114.0	114.0	114.0

Turnover: 65 (91) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	152.40	153.07			
Apr	152.40	152.80	153.00	152.40	110
May	152.80	152.90	152.80	152.30	100
Jun	152.70	153.10	152.70	152.50	101
Sep	152.40	152.60	152.40		81
Dec	152.70	152.80	152.70		30

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 20,820 lots		
Cash	1410-1	1412-4	1405/1405	1405-6		
3 months	1440-1	1443-4	1447/1424	1433-4	1446-7	65,822 lots
Copper, Grade A (£ per tonne)				Total daily turnover 16,409 lots		
Cash	1355.5-6.5	1374.5-5.5	1368/1358.5	1368-6.5		
3 months	1347.5-8.5	1367.5-8.5	1353/1346.5	1351-2	1349-50	102,907 lots
Lead (£ per tonne)				Total daily turnover 4,097 lots		
Cash	345-6	348-9	347/346	347-8		
3 months	356-7	361-2	361/356	357-8	355-7	13,671 lots
Nickel ($ per tonne)				Total daily turnover 973 lots		
Cash	8900-35	8925-30	8890/8890	8890-5		
3 months	8925-35	8925-30	8960/8900	8900-10	8960-75	8,983 lots
Tin ($ per tonne)				Total daily turnover 2,200 lots		
Cash	5505-10	5520-5	5515/5513	5510-3		
3 months	5600-4	5615-20	5630/5600	5605-10	5590-600	5,665 lots
Zinc, Special High Grade ($ per tonne)				Total daily turnover 9,895 lots		
Cash	1265-70	1240-5		1250-5		
3 months	1210-2	1196-7	1225/1196	1204-5	1225-7	24,422 lots

LME Closing £/$ rate: SPOT: 1.7906 3 months: 1.7660 6 months: 1.7506 9 months: 1.7368

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	363.80-364.20	
Opening	361.00-361.40	
Morning fix	361.20	202.887
Afternoon fix	364.00	204.621
Day's high	364.80-365.20	
Day's low	360.30-360.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.29	6 months	5.16
2 months	5.24	12 months	5.14
3 months	5.20		

Silver fix	p/fine oz	US cts equiv
Spot	225.00	400.00
3 months	231.55	405.95
6 months	237.75	412.20
12 months	249.80	426.15

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	364.60-365.60	205.00-205.50
Maple leaf	375.50-378.50	211.00-211.50
New Sovereign	88.50-89.50	49.75-50.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	Apr	May
1350	79	108	4	14
1450	16	45	40	51
1550	1	14	124	118
Copper (Grade A)	**Calls**		**Puts**	
2300	122	118	6	44
2400	40	65	32	86
2500	12	32	94	154
Coffee	**May**	**Jul**	**May**	**Jul**
550	38	59	3	9
600	8	29	23	29
650	1	12	66	62
Cocoa	**May**	**Jul**	**May**	**Jul**
600	50	83		6
650	12	46	12	19
700	1	22	51	45
Brent Crude	**May**	**Jun**	**May**	**Jun**
1800			1	
1850		52		
1900	5	42		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	364.9	361.8	366.0	362.6
May	365.8	362.7	0	0
Jun	367.2	364.0	368.2	364.7
Aug	370.2	366.9	371.2	368.0
Oct	373.4	370.0	373.4	373.1
Dec	376.7	373.3	377.2	374.0
Feb	380.0	376.6	0	0
Apr	383.3	379.9	383.0	383.0
Jun	386.8	383.5	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	405.0	401.2	405.0	402.5
Jul	408.7	405.7	410.0	406.0
Oct	412.7	408.7	413.3	412.3
Jan	416.5	413.5	418.0	416.0
Apr	421.3	418.3	423.0	423.0
Jul	425.8	0	427.5	427.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	401.9	396.0	402.0	402.0
May	403.2	397.5	405.5	401.0
Jun	405.6	399.9	0	0
Jul	408.0	402.3	410.0	405.0
Sep	413.0	407.1	415.5	412.0
Dec	420.0	414.0	422.0	416.0
Jan	422.3	416.3	0	0
Mar	427.5	421.5	427.0	427.0
May	432.9	426.7	433.0	433.0
Jul	438.2	431.9	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	106.70	107.05	107.50	106.60
May	107.15	107.60	108.20	106.65
Jun	106.40	106.85	107.00	106.40
Jul	106.05	106.35	106.80	105.80
Aug	105.80	105.80	0	0
Sep	105.05	105.20	105.75	105.00
Oct	104.60	104.70	0	0
Nov	104.20	104.40	0	0
Dec	103.85	103.90	104.40	103.70
Jan	103.20	103.40	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	20.25	20.31	20.44	20.16
Jun	20.02	20.05	20.15	19.95
Jul	19.80	19.78	19.89	19.74
Aug	19.60	19.58	19.70	19.58
Sep	19.48	19.43	19.66	19.42
Nov	19.36	19.32	19.49	19.30
Dec	19.36	19.31	19.49	19.35
Jan	19.31	19.26	19.40	19.28

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5430	5464	5490	5425
Jun	5340	5340	5380	5330
Jul	5330	5335	5370	5320
Aug	5410	5389	5450	5385
Sep	5535	5514	5575	5525
Oct	5540	5609	5670	5622
Jan	5815	5798	5850	5815
Feb	5720	5668	5730	5680

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1103	1085	1107	1082
Jul	1134	1115	1138	1112
Sep	1166	1147	1168	1150
Dec	1202	1185	1205	1185
Mar	1233	1215	1232	1217
May	1261	1245	1260	1253
Jul	1287	1270	1285	1280

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	91.20	93.25	93.35	91.15
Jul	93.60	95.45	95.80	93.60
Sep	95.80	97.40	97.30	95.65
Dec	98.70	100.10	100.30	98.70
Mar	101.60	102.50	0	0
May	103.60	105.15	104.00	103.75
Jul	104.75	107.00	106.00	106.00
Sep	106.50	108.75	108.00	108.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	9.27	9.28	9.29	9.18
Jul	9.20	9.31	9.30	9.12
Oct	9.14	9.24	9.21	9.09
Mar	9.00	9.04	9.05	8.95
May	9.03	9.06	9.06	9.05
Jul	9.06	9.10	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	88.60	87.34	89.00	87.10
Jul	86.81	86.91	87.39	86.05
Oct	74.55	74.70	74.90	74.15
Dec	70.15	70.17	70.40	69.75
Mar	71.20	71.20	71.20	70.75
May	71.69	71.70	71.70	71.70
Jul	71.75	71.75	72.00	72.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	117.60	117.05	118.25	117.25
Jul	117.75	117.30	118.20	117.30
Sep	118.00	117.20	118.35	117.60
Nov	117.70	116.90	118.00	118.00

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 9	Apr 8	mnth ago	yr ago
1739.6	1741.3	1708.0	1930.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr 8	Apr 5	mnth ago	yr ago
Spot	125.81	126.15	127.18	134.37
Futures	129.49	129.13	131.21	133.89

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	581/6	590/4	588/4	580/4
Jul	594/4	603/4	601/4	593/0
Aug	599/2	607/6	605/4	598/0
Sep	603/0	612/4	610/6	603/0
Nov	614/0	622/4	620/4	612/4
Jan	625/2	633/2	630/6	624/0
Mar	636/4	644/0	637/0	635/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	21.63	22.05	21.95	21.55
Jul	21.96	22.39	22.30	21.87
Aug	22.10	22.47	22.40	22.07
Sep	22.23	22.60	22.60	22.23
Oct	22.40	22.85	22.60	22.35
Dec	22.69	22.95	22.95	22.50
Jan	22.66	22.97	22.71	22.65
Mar	22.88	23.20	22.92	22.86

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	169.2	171.4	170.8	168.2
Jul	172.8	174.9	174.0	172.0
Aug	174.4	176.7	175.6	173.8
Sep	176.2	178.5	176.7	175.7
Oct	177.9	180.0	178.5	177.4
Dec	180.9	183.0	182.5	180.5
Jan	182.0	184.0	182.0	182.0
Mar	183.5	1186.5	183.5	183.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	255/0	259/0	259/0	254/6
Jul	261/6	266/2	266/6	261/4
Sep	261/6	265/4	265/0	261/4
Dec	260/6	264/2	264/0	260/4
Mar	268/2	272/0	271/4	268/2
May	274/0	277/0	276/6	274/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	281/4	285/2	284/0	279/0
Jul	291/4	295/2	294/0	289/0
Sep	300/4	303/4	302/4	297/0
Dec	313/4	317/4	316/0	311/4
Mar	323/0	326/4	323/0	320/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	81.77	81.72	82.15	81.75
Jun	77.42	77.35	77.60	77.27
Aug	75.10	74.90	75.25	74.82
Oct	76.60	76.40	76.65	76.25
Dec	76.70	76.57	76.80	76.60
Feb	76.40	76.27	76.50	76.30

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	53.00	52.62	53.07	52.70
Jun	57.47	56.95	57.70	56.95
Jul	56.85	56.45	57.10	56.45
Aug	53.95	53.67	54.12	53.60
Oct	48.80	48.87	49.20	48.80
Dec	48.45	48.40	48.65	48.40
Feb	47.65	47.67	47.80	47.65

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	64.37	64.50	65.15	63.95
Jul	62.62	62.82	63.25	62.12
Aug	59.75	59.77	60.40	59.35
Feb	59.40	58.80	59.40	58.95
Mar	58.70	58.70	0	0

LONDON STOCK EXCHANGE

Lower close after a nervous session

ANOTHER lacklustre session in UK equities saw share prices again lacking direction until near the close of business, when they were unsettled by a sell-off in stock index futures and a disappointing opening on Wall Street.

Market indices were affected by a heavy fall in Glaxo, the pharmaceutical group, as it took on a patent battle in the US in defence of Zantac, the world's best-selling drug, which provides about half of Glaxo's annual sales.

The June futures contract on the FT-SE Index was driven down, unusually, to a discount to its fair value premium which allows for dividend flows and carrying costs. Selling came very late in the day, said to be from Goldman Sachs, the large US securities house.

Account Dealing Dates		
*First Dealings:		
Apr 2	Apr 15	Apr 29
Option Declarations:		
Apr 11	Apr 25	May 16
Last Dealings:		
Apr 12	Apr 26	May 17
Account Day:		
Apr 22	May 7	May 28

*New-time dealings may take place from 9.30 am two business days earlier.

Equities opened firmly behind Wall Street's overnight rise of 22 Dow points, with the early gain of 7 points in the FT-SE Index distorted because of the immediate setback in Glaxo, which represented about minus 4.5 on the index.

The market soon topped off after the Footsie futures ran into sellers when the futures markets opened, and for the rest of the morning the market traded quietly and only modestly above overnight levels.

The gain was reversed when Wall Street opened the new session on a down tack and, with the Footsie future also discouraging, the final reading put the FT-SE Index a net 2.7 off at 2,527.2, just above the day's low.

Seaq volume slipped to 507.4m shares from Monday's 595.7m. Although trading was uneventful across the broad range of the market, there was no shortage of special features. Several speculative bid reports emerged, among them hints that Hanson might be interested in Pilkington, the north of England glassmaker.

The selling of index futures had a cautionary effect on the cash market, with some analysts suggesting that it indicated that marketmaking firms, major players in the futures, were no longer as anxious to buy stock and that both Wall Street and London were beginning to look overvalued.

There were reports that lines of stock had been hawked around the market but found no takers. John Mowlem, the construction group, joined the rights issue list, calling for £46m.

The prospect of further rights issues in a market which has already taken aboard some £2bn of such calls this year is seen as another reason for caution in the equity market.

However, the underlying firmness in sterling against the German D-Mark continued to buoy hopes that the next half-point cut in UK base rates will come soon; but strategists agree that the next downward move in rates could be the last for a while, and there is doubt as to how the market will perform when it has no further good news on rates.

Weakness in the US dollar left the dollar earning stocks lower, including ICI and BAT Industries. Oil shares remained friendless as the market worried about Wall Street and the outlook for crude oil prices.

Among domestic stocks, there were falls among the brewers in late trading, and poor results from the property sector acted as a reminder of the damage wrought by the prolonged period of high interest rates in the UK.

The final view, as traders look at the unimpressive performance of the stock market since Monday and the start of the new tax year in the UK, was that investment sentiment appears to have turned more cautious for the near term.

Maxwell best of Footsie

MAXWELL Communication was the best performer of the day among FT-SE 100 stocks in the wake of news of a prosecution over an alleged "bear raid" – when negative stories are spread after speculators have sold the stock short. Traders said there had been several such raids on Maxwell in the past few months.

There were also reports yesterday that some US brokers were again buying the stock, partly in response to the company's chairman having bought the New York Daily News last month, and also in anticipation of the planned flotation of Mirror Group Newspapers, controlled by Mr Robert Maxwell.

Maxwell Communication peaked at 197p before coming to rest at 195p, up 10 on the day and the highest close since last July. Turnover came to 1.8m, busy for the stock.

Rolls-Royce bounces

A profits upgrading helped Rolls-Royce shake off criticism of the salary increases awarded to several directors and achieve one of the largest percentage gains among the FT-SE stocks yesterday. It closed 6 higher at 174p on turnover of 5.1m shares, more than twice the previous day's figure.

S.G. Warburg analyst Mr Wyn Ellis raised profits expectations entirely on currency factors, maintaining that Rolls-Royce shares had underperformed when viewed against this year's strong recovery in the US dollar.

While fairly bearish on fundamentals for the near term, he is more positive about the future and has lifted his 1992 profits forecast by £20m to £205m – thus lining up with Hoare Govett, broker to Rolls-Royce. For this year, Mr Ellis has moved his estimate to £195m from £185m.

The re-emergence of stories that leading UK conglomerate BTR is once again looking at glass major Pilkington accompanied a burst of speculative enthusiasm which sent the latter's shares up to 201p at one point. They eventually reacted to end 4 up on balance at 196p after turnover of 5.8m shares.

Bid speculation was also held accountable for a rise of 4 to 136p in Cookson, the industrial materials group. Once more the predator was rumoured to be TI Group, marginally firmer at 540p.

Vickers was another beneficiary of takeover hopes. It was said that European traders were talking vaguely of a Continental car maker showing interest in Rolls-Royce Motors, the luxury car subsidiary of Vickers. The latter's stock gained 7 to 240p.

Ultramar emerged as one of the best performers in the oil sector after Kleinwort Benson, the securities house, sharply upgraded its asset value for the company.

The stockbroker increased its estimate for Ultramar's net asset value from 400p to 474p. Ultramar's Indonesian gas businesses were said by Kleinwort to be worth some 234p a share, and its North Sea businesses 112p a share. Kleinwort valued Ultramar's whole Californian operation, including the Wilmington refinery, at 110p a share.

Kleinwort said North Sea gas values were up because of a shortage of supplies, and said all the US independent refiners had enjoyed good performances during the first quarter. Ultramar shares put on 8 to 342p, with turnover a respectable 1.4m.

Hardy Oil & Gas attracted a flurry of strong support during the early afternoon after it confirmed a substantial gas/condensate discovery in the 22/30c-8 well in the North Sea, in which Hardy has a 20 per cent stake. Specialists said the discovery indicated a find of perhaps 2 trillion (million million) cubic feet of gas, plus 100m to 150m barrels of oil.

Mr Steve Miller of NatWest Stockbrokers, the private client arm of NatWest Bank, said the find would add 50p to 100p to his estimate of Hardy's base asset value of 200p.

Hambros, the merchant bank, fell 9 to 274p amid suggestions that Baltica, the Danish group, had made initial moves to sell its near 14 per cent shareholding in the bank.

The £45.6m rights issue from John Mowlem came as no surprise to the City which, after a brief period of uncertainty, marked Mowlem shares higher in response to expectations that the construction group is likely to win permission to increase the runway on its London City Airport. The shares closed 12 higher at 355p.

Bass lost ground amid suggestions that institutional investors were being briefed by senior management with a gloomy view of UK brewing. The shares slipped 18 to 937p and the nil-paid lost 20 to 123p as the date for the rights issue take-up approaches.

Vague bid talk helped Boddington climb 14 before ending a net 11 up at 168p. Among the possible predators mentioned were Wolverhampton & Dudley, which has a small stake in the company, and Marston. Wolverhampton eased 2 to 497p and Marston closed a penny firmer at 213p.

The high yield offered by stock of Erskine House, the office equipment distributor, began to draw investors yesterday. The company has had a troubled year and profits expectations have been lowered. However, the market hopes that Erskine has coped with difficult trading conditions, cutting both costs and debt, and that it will maintain the final dividend when it reports in June. The shares rose 8 to 72p.

Wardle Storeys, the survival equipment group, slipped back on a warning that second-half trading would be as difficult as the first. Analysts reacted by shaving full year estimates, with Mr Charles Lambert of Smith New Court moving to £8.5m from £9m. The shortfall in mid-term profits was broadly in line with expectations. The stock closed down 14 at 304p.

The electricity distribution issues were helped by a County NatWest buy recommendation, South West advancing 7 to 199p and Yorkshire 6 to 214p. The Package moved ahead 25 to £2005.

Stanhope Properties declined 4½ to 86p after first-half figures showed the company making a £34m loss, compared with a £20m profit last time. No dividend was paid. Rosehaugh, with which Stanhope developed Broadgate in the City of London, lost 3 in sympathy to 70p. There was vague talk that either could be considering a rights offer.

A full year loss of £14.8m from UK Land, compared with a profit of £5.6m previously, took the shares down 37 before picking up to 115p for a drop on the day of 25.

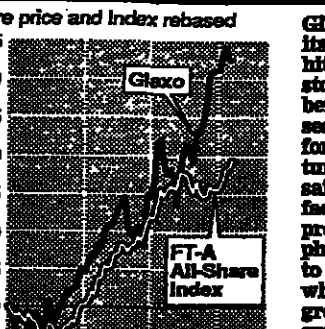
Traders had been particularly worried by the company's net asset valuation, halved to 369p a share.

The best performer of the day among properties was Hammerson, up 18 to 648p. The rise was exaggerated by the usual low level of trading in the stock.

Shandwick, the world's largest public relations group, climbed 7 to 106p after posting a 12 per cent increase in interim profits to £8.1m. The dividend was raised by one third to 1.18p and the board said it intended to "substantially increase" dividends in the future.

■ Other Market statistics, including the FT-Actuaries share index, Page 21

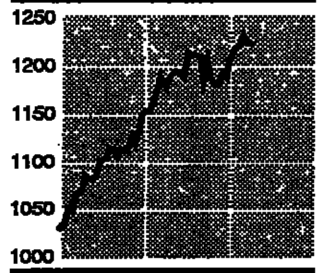
Share price and Index rebased



Source: Datastream

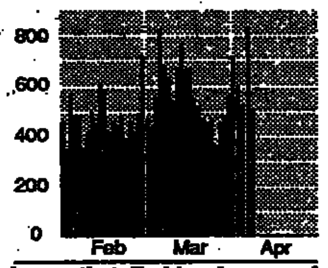
Glaxo's defence of patents on its biggest selling drug Zantac hit the shares a day late. The stock fell 50 in heavy trading before US buying late in the session left the price at 1078p for a net fall of 36 after turnover of 9.1m. Analysts said the company is likely to face further challenges from producers of generic pharmaceuticals, who will try to overturn a Zantac patent which expires in 2002 on the grounds that it is not sufficiently different from another version of the drug whose patent runs out in 1995.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (165).
BRITISH FUNDS (11) Treas. 8pc 1991, Treas. 8pc 1992, Treas. 8¾pc '95-98, Treas. 2pc IL 1996, Do. 2½pc IL 2001, Do. 2½pc IL 2003, Do. 2pc IL 2006, Do. 2½pc IL 2009, Do. 2½pc IL 2011, Do. 2½pc IL 2016, Do. 2½pc IL 2020, CORPORATION LOANS (1) GLC 6¾pc 1990-92, AMERICANS (8) Amer. Cyanamid, Gillette, Manuf. Hanover, Pall, Time Warner, CANADIANS (1) Echo Bay Mines, BANKS (1) Banco de Santander, BREWERS (2) Boddington, Devenish (JA), BUILDINGS (6) Ashtead, Allwoods, Boot (H), Gleeson (MJ), Mowlem (J), Sheffield Insulations, CHEMICALS (2) Laporte, Yorkshire, STORES (8) Alexon, Hartstone, Kingfisher, Do. 8½pc Ln 2000, Liberty, Do. N/V, Marks & Spencer, Ritz Design, Scholl, ELECTRICALS (11) Brit. Telecom, Domino Prntg. Scies., First Tech., Forward Tech., Gardiner, Laidcon, Life Sci., Logica, Peek, SD-Scicon, Wholesale Ftgs., ELECTRICITY (5) Eastern, Reg. Elec. Units, Yorkshire, ENGINEERING (8) ASW, Chemring, Johnson & Firth, Meggitt, Molins, Richards, Rotork, Wagon Indl., FOODS (13) Argyll, Assoc. Brit. Foods, Assoc. Fisheries, BSN, Dalepak Foods, Goldman Fielder Wattie, Hughes, Kwik Save, Morrison (Wm), Sainsbury (J), Sutherland, Treatt, Wessanen, HOTELS (1) Mandarin Oriental, INDUSTRIALS (25) BET, Bibby (J), Brammer, Campbell & Armstrong, Daimler-Benz, EIS, Erskine Hse., Do. 7¼pc Prf., Grampian, Kalon, MB Caradon 7.25pc Prf., Nestor-BNA, Nobo, Pilkington, Powell Duffryn, Proudfoot (A), St. Gobain, Siebe, Sinclair, SmithKline Be
hm. Eq. Units., Stag Furniture, UDO, Unilever, Vinten, Wills, INSURANCE (4) Amer. Gen., Amer. Intl., Lincoln Natl., Saltire, LEISURE (5) Boosey & Hawkes, Central ITV, Scottish TV, MOTORS (5) ABI Leis., Abbey Panels, Dagenham Motors, NEWSPAPERS (3) Bristol Eve. Post, Maxwell Comms., Quarto, PAPERS (8) Enso-Gutzeit, Geers Gross, Gold Greenlees, Repola, Shandwick, Stat-Plus, Watmoughs, Wiggins Teape Appleton, PROPERTY (1) Asda, SHOES (1) Headlam, TRANSPORT (7) CSX, Clarkson (H), Dawsongroup, Sea Containers, TNT, Tibbett & Britten, Tiphook, TRUSTS (26) Baillie Gifford Japan, Baltic, Do. 7pc Prf., Beta Global Em. Mkts., Biotech Invs. Ptg. Pf., Derby, Drayton Asia Wrnts., Dunedin Worldwide, Fleming Claverhouse, Fleming Fldg., Fulcrum, Greyfriars, JF Fledg. Japan, Jersey Phoenix, Jove Inv., M & G 2nd Dual, Medco Fund, Mezzanine C & I, New Throgmorton, Pacific Assets Wrnts., SPRAIT 6.3pc-13.3pc Cm Ptg, Scot. Nat. Stepped Pf., Siam (Cayman) Rd. Prf., Sphere Zero Dv. Prf., TR Tech. Stepped Pf., OILS (4) Brit. Borneo, Goal, Hardy, Monument, MINES (7) Ang. Am. Coal, Dragon, Swazie Coco., Indonesian Diamond, Iwernia West, Western Areas, Winkelhaak.
NEW LOWS (14).
CANADIANS (1) North West Gold, BANKS (2) Guinness Mahon, HSBC, STORES (1) Automagic, ELECTRICALS (1) Serna, INDUSTRIALS (1) Assoc. Nursing, LEISURE (1) Quadrant, NEWSPAPERS (1) Gardner (DC), PROPERTY (2) Bourne End, Stanhope, OILS (1) Gaelic Res., MINES (3) Blyvoor, Europa Minerals, Harmony.

FINANCIAL TIMES STOCK INDICES

	Apr 9	Apr 8	Apr 5	Apr 4	Apr 3	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.43	85.47	85.56	85.65	85.35	78.87	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.73	94.72	94.84	94.77	94.70	85.98	94.84 (5/4)	90.50 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1998.0	1999.0	2014.5	2007.2	2014.2	1732.5	2014.5 (5/4)	1606.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	140.2	138.4	137.8	138.5	137.4	254.8	179.7 (14/1)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2527.2	2529.9	2545.3	2524.5	2519.1	2217.5	2545.3 (5/4)	2054.8 (16/1)	2545.3 (5/4/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1165.29	1164.64	1170.08	1163.53	1164.84	-	1170.08 (5/4)	938.62 (16/1)	1170.08 (5/4/91)	938.62 (16/1/91)
● Ord. Div. Yield	4.85	4.84	4.80	4.82	4.80	5.18				
● Earning Yld %(full)	8.84	8.82	8.75	8.72	8.69	11.93				
● P/E Ratio(Net)(☆)	13.82	13.95	14.07	14.13	14.18	10.15				
SEAQ Bargns 4.45pm	36,774	48,558	59,497	62,934	58,978	19,993				
Equity Turnover(£m)†	-	1054.40	1793.75	1129.87	1197.13	577.54				
Equity Bargains†	-	30,782	67,276	63,598	66,911	20,391				
Shares Traded (ml)†	-	511.6	831.4	626.2	601.8	323.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 13.45

Ordinary Share Index, Hourly changes Day's High 2006.7 Day's Low 1997.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2005.4	2005.1	2002.9	2006.0	2004.4	2004.3	2005.7	2004.0	2003.5

FT-SE 100, Hourly changes Day's High 2539.0 Day's Low 2525.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2536.9	2535.7	2531.8	2537.5	2535.4	2535.0	2538.0	2536.8	2533.1

FT-SE Eurotrack 200, hourly changes Day's High 1168.81 Day's Low 1164.20

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1167.06	1166.55	1167.92	1168.33	1166.12	1165.94	1165.37

GILT EDGED ACTIVITY

Indices*	Apr 8	Apr 5
Gilt Edged Bargains	121.6	114.7
5–Day average	100.5	92.8

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	7,200	83½	−1½	Dalgety	1,800	365	+5	Manweb	740	238		Smith (W.H.) A	76	365	−3
ASDA Group	2,000	131	−2	Dixons	1,600	188	+1	Marks & Spencer	7,300	259	+3	Smith & Nephew	1,600	132	+2
Abbey National	5,400	279	+5	ECC Group	375	451	−2	Maxwell Comms.	1,800	194½	+9½	SmKl Beecham	1,100	738	+3
Albert Fisher	1,600	123	−1	Eastern Elect.	665	187	+1	Midland Bank	3,400	228	+3	SmKl Beecham Uts.	120	3633	+45
Allied-Lyons	1,600	505	−9	East Midland Elect.	1,000	198	+3	Midlands Elect.	360	190	+1	Smiths Inds.	456	285	
Amstrad	1,400	80	+2	Enterprise Oil	761	659	−2	NatWest Bank	3,600	343	+6	Southern Elect.	495	188	+1
Anglian Water	621	305		Eurotunnel Units	625	463	−5	National Power	6,400	128	−1	South Wales Elect.	248	254	−1
Argos	200	236	+1	FKI	1,100	69		Next	7,300	27		South West Water	177	298	
Argyll Group	3,700	313	+4	Ferranti	1,000	15	+1	North West Water	2,300	311	−1	South West. Elect.	665	189	+7
Ass. Brit. Foods	1,000	522	+7	Fisons	1,800	464	+2	Northern Elect.	368	287	+5	Southern Water	678	272	+4
BAA	732	430	+1	Gen. Accident	769	557	−1	Northern Foods	213	437	+2	Standard Chartd.	576	388	+1
BAT Inds.	372	778	−10	General Elect.	7,000	210	+3	Norweb	382	169	+5	Storehouse	380	117	−2
BET	3,000	177	+3	Glaxo	9,100	1078	−36	Pearson	1,100	780		Sun Alliance	2,200	386	+3
BICC	937	440	−6	Glynwed Int.	777	276	−1	P & O	561	613		T&N	287	188	+2
BOC	1,200	585	+6	Granada	449	182		Pilkington	8,300	196	+4	TI Group	232	540	+1
BPB Inds.	634	225		Grand Met.	1,700	811	−4	PowerGen	7,800	126	−1	TSB	5,000	148	−1½
BTR	2,200	416	+1	GUS A	63	1258	−10	Prudential	1,800	240		Tarmac	1,100	239	+1
Bank of Scotland	1,100	141	−2	GRE	2,100	212	+1	RHM	1,300	317	−6	Tate & Lyle	669	370	
Barclays	2,000	463	+6	GKN	784	380	+6	RMC	234	686	+5	Taylor Woodrow	353	381	−1
Bass	804	937	−18	Guinness	1,900	910	+3	RTZ	1,300	558	−2	Tesco	2,800	287	−3
Beazer	681	176	+5	Hammerson 'A'	117	648	+18	Racal	4,600	232	−2	Thames Water	612	310	+2
Berisford Int.	575	40		Hanson	6,100	231½	−2½	Racal Telecom	778	384	−11	Thorn EMI	1,100	733	−6
Blue Circle	665	264	−5	Hanson Warrants	126	43½	−½	Rank Org.	241	787	+2	Trafalgar House	567	233	−3
Boots	2,300	379	+2	Harrisons Crosfield	712	153	+1	Reckitt & Colman	189	1016	−5	Trusthouse Forte	1,200	270	−4
Bowater	665	619		Hawker Sidd.	425	580	+16	Redland	510	612	−7	Ultramar	2,000	342	+8
Brit. Aerospace	1,300	656	+9	Hillsdown	1,100	264	−3	Reed Intl.	1,800	457	+2	Unigate	371	317	−2
British Airways	772	160½	+½	IMI	354	242	−5	Reg. Elect. Pkg Uts	9	£2005	+25	Unilever	1,700	782	−2
British Gas	6,300	256	−1	ICI	924	1063	−6	Rentokil	228	274	+4	United Biscuits	653	381	−3
British Land	278	298		Inchcape	1,000	347	+6	Reuters	1,700	886	+14	Utd. Newspapers	51	388	
BP	3,600	335	−1	Kingfisher	934	483	+4	Rolls Royce	5,100	174	+6	Water Package Uts.	0	£3063	−7
British Steel	4,400	144	−2	Ladbroke	2,100	288	−½	Rothmans	701	887	−5	Wellcome	383	529	−7
British Telecom	8,800	373	+3	Land Securities	769	530	−2	Ryl Bk Scotland	371	189	−1	Welsh Water	802	338	−13
Bunzl	1,300	97	−1	Laporte	98	687	+2	Royal Insurance	681	448	−2	Wessex Water	208	378	−4
Burmah Castrol	248	607	−6	Legal & General	1,000	462	−6	Saatchi	9,700	17¾	−1¼	Whitbread 'A'	1,400	465	−9
Burton	3,200	100	+1	Lloyds Abbey	1,300	427	+1	Sainsbury	1,100	385	+3	Wiggins Teape	978	236	+4
Cable & Wire.	3,880	514	−4	Lloyds Bank	2,600	355	+4	Scottish & New.	675	373		Williams Hldgs.	3,800	288	
Cadburys	1,200	387	−2	LASMO	1,200	352	+4	Sears	2,500	93	+1	Willis Corroon	1,100	323	−6
Calor Group	14	233	+1	London Elect.	777	193	+4	Sedgwick	1,800	283	−7	Wimpey	246	218	−1
Carlton Comms.	863	461	+7	Lonrho	1,700	263	+4	Seeboard	180	188	+2	Yorkshire Elect.	1,100	214	+6
Coats Viyella	78	153	−1	Lucas	2,100	182	+3	Severn Trent Water	1,500	287	−1	Yorkshire Water	414	322	−1
Comm. Union	112	531		MB Caradon	1,500	220	+4	Shell Transport	2,800	485	−2½				
Cookson	2,400	136	+4	MEPC	287	536	+2	Siebe	880	445	−5				
Courtaulds	656	412	+1	Manpower	241	70½		Slough Ests	242	243					

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

ONCE again, the derivatives markets had an active day, with both futures and options trading suggesting changes of view in the underlying stock market. The feature of the session was a powerful sell-off of the June future on the FT-SE Index by a large US house, which continued into after-hours' business and left the June contract at a quotation of only 20 points ahead of the closing Footsie quotation, representing a discount of about 1 per cent to the fair value calculation of the contract.

The futures were sold earlier in the day, specifically by one large seller at the 2,580 level, where 150 contracts were unloaded. Futures specialists commented that futures selling indicated a more cautious view on equities, but stressed that most of the business is currently from the locals, or independent traders, in the futures markets.

In traded options, Monday's activity in Glaxo was followed by similar turnover in Grand Metropolitan, said to be again by Strauss Turnbull. Some 4,000 contracts were crossed in Grand Metropolitan options, possibly as part of a tax-loss deal. Such deals are cheaper to operate in derivatives than in shares because of the saving of stamp duty.

The Euro-FTSE December option contract was bought heavily by two leading UK houses.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

BRITISH FUNDS—Contd

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

APPOINTMENTS

International division chief at NatWest

■ NATIONAL WESTMINSTER BANK has promoted Mr Bernard Horn from general manager of group strategy and communications to chief executive of the international business division. He succeeds Mr John Tugwell, a main board director, who was appointed chairman and chief executive of NatWest Bancorp in the US in March. Mr Phil Wise, who was deputy general manager, is promoted to general manager of group strategy and communications.

■ Mr Andrew Evans, who joined TARMAC in 1982 from General Accident, and became a director of Markfield last year, has been appointed managing director of Markfield (Insurance Brokers), Tarmac's insurance subsidiary responsible for the group's insurance worldwide. He succeeds Mr Peter McBrien who is to retire.

■ THE INSTITUTION OF CHEMICAL ENGINEERS has elected as president Dr David Harrison, vice chancellor of Exeter University.

■ Sir Allen Sheppard, chairman and group chief executive of Grand Metropolitan, has been appointed chairman of the international advisory board of THE BRITISH-AMERICAN CHAMBER OF COMMERCE. He succeeds Professor Roland Smith.

■ LUND HUMPHRIES has appointed Mr Graham Garrod as group managing director. He was deputy managing director. Mr Brian Tempest becomes group sales director. He was national sales director. Mr Alex Miller and Mr Duncan Palfreyman have left the company.

Mr Nigel Conradi *(pictured)* has been appointed operations director and deputy chief executive of NATIONWIDE ESTATE AGENTS. He was with the Scandinavian Bank Group, and had been managing director of Chestertons.

■ J.H. MINET REINSURANCE BROKERS has appointed Mr Norrie McConochie and Mr David Sloan as divisional executive directors.

■ Mrs Jenny Hume and Mr Derek Ridout have been appointed directors of GERRARD VIVIAN GRAY, stockbroking subsidiary of Gerrard & National Holdings. Mrs Hume becomes finance director.

■ HILL SAMUEL INVESTMENT MANAGEMENT has appointed Mr John Whiddett as head of UK unit trust management. He was head of the smaller companies unit.

■ CASTELLINI UK, Nottingham, dental equipment maker, has appointed Mr Brian Whitby as director of commercial and marketing services. Mr John White has been promoted to director of technical services.

■ SOCIETE GENERALE has appointed Mr Richard Wanless as northern regional manager, based in Manchester. He was head of corporate relationship banking, and succeeds Mr Peter Gammon who is retiring.

■ Mr Peter Dodds has been appointed managing director of UNIBANK. He was an executive director.

■ EVANS OF LEEDS has appointed Mr Andreas F. Evans as a director.

■ Mr Humphrey Wood has been appointed non-executive deputy chairman of VINTEN GROUP. He was a managing director of Consolidated Gold Fields, and is a director of Albrighton, and of Birse Group.

■ Mr John Peet has been appointed managing partner of SHOOSMITHS & HARRISON, solicitors, Northampton, succeeding Mr Brian Dobinson.

■ FRIENDS PROVIDENT has appointed Mr Barry Kayes as assistant general manager (corporate business development), and Mr John Bounds as assistant general manager (marketing). Mr Bounds was group marketing manager at AMEV Group.

SEAT (UK), Crawley, has appointed Mr Robert A. Pollard *(pictured)* as sales and marketing director. He was with Ford Motor Company.

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BANKS, HP & LEASING

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£11⅛	£9¾	ABN Amro Fl5	£11	.....	Q30%	♦	4.2	♦
151	121	ANZ SA1	143	−3	Q38c	1.9	11.6	4.6
284	211	Abbey National 10p	279	+5	9.5	ф3.0	4.5	9.7
183	126	Allied Irish Ord	173	−2	†Q40%	3.3	5.2	7.8
65	53	Anglo Irish	60	.....	Q10.6%	2.3	7.0	7.9
60	38	Ansbacher (H.) 1p	38	.....	1.5	0.3	5.3	−
£55⅞	£42½	Bancaire Cie Fr100	£49¼	+¼	Q15%	−	3.1	−
£17¼	£12½	Banco Bilbao Viz	£17	.....	Q49.1%	2.7	4.8	7.7
£30⅛	£21⅝	Banco de Santander	£30⅞	+⅛	Q28.7%	2.3	3.9	10.7
208	139	Bank Ireland Ir£1	199	−2	Q14.7%	2.9	6.6	7.0
£19½	£19½	Bank Leumi	£19½	.....	−	−	−	−
350	350	Bank Leumi (U.K.)£1	350	.....	16.0	−	6.1	−
146	111	Bank Scotland	141	−2	†4.55	3.4	4.3	9.0
110	96½	Do. 9¼pc Irrd Pf £1	106	.....	9¼%	−	11.6	−
110½	99½	Do. 9¾pc Irrd Pf £1	109½	.....	9¾%	−	11.8	−
43	35	Bank of Wales	43	.....	2.8	0.8	8.7	(28.7)
489	327	Barclays £1	463	+8	21.15	1.1	6.1	19.3
12	9	Benchmark 20p	10	.....	0.75	−	10.0	−
252	195	Brown Shipley £1	252	+1	±12.0	2.2	‡	8.1
464	384	Cater Allen £1	461	.....	F24.5	−	7.1	−
44	36	Chancery	36	.....	±9.0	2.7	‡	1.4
£18¾	£15	Commerzbk DM10	£18¼	.....	Q18%	−	3.4	−
£231¾	£191½	Deutsche Bk DM50	£213¼	+1¼	Q28%	−	2.2	−
£9⅞	£7⅛	Dai Ichi KBk Y50	£9⅛	−⅛	Q17%	6.2	0.4	45.2
£18½	£16¼	Espirito Santo	£18	.....	Q75c	3.1	2.3	8.4
213	152	First Nat. Fin. 10p	206	.....	13.0	1.2	8.4	(12.2)
110	78	FNFC 6.3pc Cv. Pf. £1	108	.....	6.3%	−	7.8	−
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

INSURANCES

[illegible]

LEISURE

[illegible]

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MOTORS, AIRCRAFT TRADES

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
81	50	ABI Leisure 10p	81	+1	3.1	4.4	5.1	5.6
£7¾	£5¼	DAF N.V. Fl5	£7½	–¼				
109	79	General Mtrs Units	106		¢Q17½%			
£133¼	£101	Volkswagen DM50	£122½	–1½	Q22%	3.5	3.0	9.6
£30¼	£18¾	Volvo AB 'B' Kr25	£38½	–¼	Q62%			

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

[illegible]

INVESTMENT TRUST—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
26	17	Greenwick Res 5p	23	+1			
£10½	£7½	Homestake Mining $1	£9½		Q20c		1.2
57	30	Ivernia West	55	+3			
46	39	Kells Mins. Ir5p	40	+1			
25	9	Kenmare	21½				
17	15	Navan Resources	15				
13	7	New Sabina Res C$1	10				
99	52	Northgate Expl. C$1	88	+1			
16	10	North West Expl	12				
11	2¼	Nor-Quest Res	11				
122	82	Oryx Gold Hldgs	102				
23	11	Ovoca Gold IR 2p	21				
44	39	Pancon Mining 20p	40				
573	404	RTZ 10p	558xd	–2	19.5	q2.1	4.7
10	3¼	Tharco Res. Inc.	6				
10	7	Vizcaya Hldgs 5p	7				
133	123	Young Group 10p	123xd		5.2	●	5.6

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ✝✝ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ✝ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1 β	650	
Finlay Pkg. 5p β	53	
Holt (Jos) 25p β	1600	

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991	£99½	
9pc Cap Ln. 1996	£98⅞	+⅛
Fin. 13% 97/02	£114½	
Arnotts	165	–10
Carrol (P J.)	154	
Helton Hldgs. γ	58	
IRG	155	
United Drug	170	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	35
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property	p
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	40
Mountleigh	8½

Oils	p
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines	p
Lonrho	21
RTZ	48

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AUTHORISED UNIT TRUSTS

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brewin Capital	5¼	132.0	132.0	141.1	-2.3	3.63
Brewin Dividend	5¼	63.75	63.75	68.18	....	7.20
Brewin Inr Gth Inc	5¼	159.8	159.8	170.9	-0.6	4.79
Brewin UK & Gen	5¼	32.99	33.27xd	35.56	-0.18	2.99

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	75.95	75.95xd	81.23	+0.06	3.15
Do (Accum)	6	80.28	80.28	85.86	+0.06	3.15
Service Cos	6	63.68	63.68	68.11	.....	1.95
Do (Accum)	6	66.29	66.29	70.90	.....	1.95
Income Growth	6	48.18	49.07	52.48	+0.93	4.36
Do (Accum)	6	65.72	66.93	71.58	+1.26	4.36
Higher Yield	6	33.24	33.24xd	35.55	-0.57	4.49
Do (Accum)	6	41.65	41.65	44.55	-0.71	4.49
American Gth Inc	6	30.55	30.55	32.67	-0.16	1.51
Do (Accum)	6	31.13	31.13	33.30	-0.16	1.51
European Growth	6	26.00	26.00xd	27.81	-0.09	1.55
Do (Accum)	6	26.50	26.50	28.34	-0.09	1.55
Global Bond Inc	6	22.43	22.43	23.99	-0.06	6.28
Do (Accum)	6	25.23	25.23	26.98	-0.07	6.28
Managed P'folio Inc	6	24.87	24.95	26.69	-0.09	-
(Do Accum)	6	24.87	24.95	26.69	-0.09	-

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	84.34	84.34	89.82	-0.42	2.32
Mngd P'folio Acc	6	153.3	153.3	163.3	-0.70	-
UK General	6	120.3	120.3xd	128.1	-0.30	2.93
Conv & General	6	19.15	19.15xd	20.39	-0.04	9.34
European Inc	6	20.52	20.52	22.09	-0.10	0.51
European Acc	6	20.97	20.97	22.57	-0.11	-
Exempt	3	288.8	288.8	305.3	-0.10	4.44
Financial	6	120.5	120.5xd	128.3	-0.18	3.68
German	6	35.32	35.32	37.87	+0.12	0.11
High Income	6	70.43	70.43xd	75.01	-0.05	5.83
Income	6	100.1	102.9xd	110.6	-0.50	4.90
Intl Income	6	86.46	86.46	92.08	-0.29	3.22
Intl Growth ♣	6	27.75	27.75	29.59	-0.29	0.27
Monthly Income	6	59.34	61.15	65.12	-0.40	5.17
North American	6	72.04	72.04	77.34	-0.24	0.28
Orient ♣	6	107.5	107.5	115.5	-1.80	-
PEP	5	61.06	62.09xd	66.13	-0.09	4.24
Recovery	6	34.60	35.70	38.48	-0.07	2.37
Smaller Cos Acc	6	187.9	187.9	202.0	-0.60	-
Smaller Cos Inc	6	113.5	113.5xd	122.0	-0.40	1.89

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	193.7	193.7xd	200.6	+4.4	5.88

Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 - 379 - 0444.

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Swiss Life Unit Tst Man Co Ltd (1200)F
Admin: 3 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity Dist	5½	428.6	436.3	461.7	+1.3	3.64
Equity Acc	5½	596.1	606.9	642.2	+1.8	3.64
Fixed Int. Dist	5½	113.3	115.4	119.6	+0.1	8.52
Fixed Int Acc	5½	241.0	245.6	254.5	+0.3	8.52
UK Index Track Dist	5	99.34	100.3	106.1	+0.2	4.16
UK Index Track Acc	5	103.9	104.8	110.9	+0.2	4.16

TSB Unit Trusts (1200)H
Charlton Pl, Andover, Hants. SP10 1RE 0264 346794

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	134.01	134.81	143.56	-0.36	0.37
Do Accum	6	146.49	146.49	155.84	-0.38	0.37
TSB Brit Growth	6	74.11	75.27	80.07	+0.16	3.25
Do Accum	6	83.01	84.31	89.69	+0.18	3.25
TSB European	6	74.3	74.3	79.04	-0.03	1.09
Do Accum	6	76.99	76.99	81.9	-0.04	1.09
TSB Extra Income	6	165.13	168.68	179.44	+0.23	5.08
Do Accum	6	238.11	243.24	258.76	+0.34	5.08
TSB Smaller Cos	6	45.11	46.69	49.67	+0.13	2.6
Do Accum	6	47.74	49.41	52.56	+0.14	2.6
TSB General	6	230.38	230.38	245.08	+0.73	3.45
Do Accum	6	429.86	429.86	457.29	+1.37	3.45
TSB Premier Income	5	44.65	45.27	47.15	+0.02	8.62
Do Accum	5	79.9	81.01	84.38	+0.03	8.62
TSB Income	6	309.7	314.91	335.01	+0.69	4.78
Do Accum	6	575.72	585.43	622.79	+1.28	4.78
TSB Pacific	6	232.36	232.36	247.19	-6.8	0.38
Do Accum	6	241.77	241.77	257.2	-7.08	0.38
TSB International	6	394.78	394.78	419.97	-2.3	0.84
Do Accum	6	506.39	506.39	538.71	-2.95	0.84
TSB Nat Resources	6	62.04	63.22	67.25	+0.6	0.4
Do Accum	6	67.6	68.87	73.26	+0.7	0.4
TSB Sictd Opps	6	80.1	81.83	87.05	+0.06	2.98
Do Accum	6	96.5	98.59	104.87	+0.07	2.98
Environmental Inv	6	47.66	48.48	51.57	+0.04	1.99
Do Accum	6	49.38	50.02	53.21	+0.05	1.99
TSB Selector	6	49.39	50.14	53.94	+0.08	3.73
Do Accum	6	50.9	51.68	54.97	+0.09	3.73

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond	102.19	102.19	+0.2	10.55
(Accum Units)	556.55	556.55	+0.8	10.55
NAACIF Apr 3	—	42.84	—	9.49

Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity † Apr 9	130.5	139.7	+3.6	2.80
UK Small Co † Apr 9	516.9	557.0	+2.2	1.92
Fixed Interest † Apr 9	108.5	114.1	+0.6	7.79
US Small Co Apr 9	147.7	158.0	-2.4	0.00
Managed Apr 9	108.2	115.0	+1.92	1.25
Intl Bond Apr 9	112.2	118.4	+0.4	7.72
Japan Apr 9	75.30	80.60	+1.6	0.84
European Apr 9	85.56	91.65	+0.21	1.61
Nth American Apr 9	104.2	118.0	+6.2	1.26

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Amer Expt Apr 3	49.09	51.05	—	2.81
Euro Expt Apr 3	50.14	52.65	—	2.31
Fixed Int Ex Apr 3	46.69	47.85	—	10.27
Japan Expt Apr 3	46.34	48.19	—	0.60
Managed Ex Apr 4	43.99	45.75	—	4.40
SE Asia Expt Apr 3	69.93	73.42	—	3.76
Sm Cos Expt Apr 3	33.15	34.80	—	4.51
UK Eqty Ex Apr 3	41.83	43.92	—	9.86

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Apr 2	707.1	752.0	—	4.5
Do Accum	798.0	849.4	—	4.5
Int Expt Apr 2	174.4	177.8	—	2.41
UK Index Apr 2	1160.0	1183.0	—	4.9
Do Accum	1249.0	1273.0	—	4.9
Convertible Apr 5	94.39	97.38	—	7.87
World ex UK Index Apr 8	797.6	807.4	+16.4	1.86
Do Accum	805.5	815.3	+16.5	1.86
Japan Index Apr 8	633.9	642.6	+25.0	0.59
Do Accum	635.5	644.1	+25.1	0.59

Allied Dunbar Assurance Plc—Contd.

City of Westminster Assurance (z)
PO Box 469, 500 Avebury Blvd, Milton Keynes MK9 2NU

Eagle Star Insur./Midland Assur.
60 St. Mary Axe, London EC3 071-929 1111

Economic Insurance Company Ltd
London Rd, Sittingbourne, ME10 1PE 0795 424321

Guardian Royal Exchange—Contd.

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 081-440 8210

Merchant Investors Assurance Co Ltd – Contd.

INSURANCES

OTHER UK UNIT TRUSTS

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or −	Yield Gross
Life Managed Fd	105.4	110.9	+0.1	−
Pension Managed Fd	102.6	108.1	+0.2	−
Life Deposit Fd	105.8	111.4	----	−
Pension Deposit Fd	110.4	116.2	----	−

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Managed Cautionary	111.9	122.4	−0.6	−
Managed Growth	139	152	−0.2	−
Managed Opportunity	137	150.6	+0.3	−
NFMC Target Financial	103.4	111.5	−0.9	−
Pension Funds				
Managed Cautionary	120.5	131	−0.2	−
Managed Growth	145.6	159.2	−0.2	−
Managed Opportunity	138.3	151.2	----	−
NFMC Target Mngd Pen	1513.4	1645	−0.6	−

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or −	Yield Gross
Harvester Pension Funds				
Managed	160.1	168.6	----	−
UK Equity	169.1	178.1	----	−
Overseas Equity	133.3	140.4	----	−
Fixed Interest	143.1	150.7	----	−
Property	130.6	137.5	----	−
Index Linked	146.3	154.1	----	−
Deposit	153.4	161.5	----	−
With Profits (B)	127.1	133.8	----	−

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	352.4	371.0	----	−
UK Equity	450.1	473.8	+0.6	−
Overseas Eq	342.0	360.0	−1.1	−
American	276.2	290.8	+0.1	−
Far East	371.8	391.4	−3.8	−
Property	193.8	204.1	−0.3	−
Fixed Int	257.1	270.7	+0.4	−
Indexed Gilt	154.0	162.2	+0.3	−
Deposit	179.1	188.6	----	−
Pension Fund (Accum Units)				
Managed	494.5	520.6	+0.6	−
UK Equity	586.5	617.4	+2.3	−
Overseas Eq	567.5	597.4	−2.9	−

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or −	Yield Gross
Initial Equity	156.0	164.5	----	−
Accum Equity	221.5	233.5	----	−
Accum Managed	227.5	240.0	----	−
Accum Five Star	170.5	180.0	----	−
Accum World	122.5	129.5	----	−
Accum Lifetime	113.3	113.3	−0.2	−
Pens Acc Equity	241.5	254.5	----	−
Pens Acc Managed	284.5	300.0	----	−
Pens Acc Intl	208.5	220.0	−0.5	−
Pens Acc Deposit	187.5	205.5	----	−
Pens Acc Five Star	187.5	198.0	----	−

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or −	Yield Gross
UK Equity Acc	230.3	243.0	+0.9	−
UK Fixed Int Acc	169.8	179.2	----	−
Intl Equities Acc	177.2	187.0	−0.9	−
UK Managed Acc	174.7	184.2	+0.2	−
Property Acc	225.8	238.2	----	−
Money Acc	127.4	134.4	----	−
Special Market Acc	130.6	137.8	−0.2	−
Japan Equity Acc	107.0	112.9	−2.2	−
North American Acc	103.5	109.2	----	−
Pacific Acc	93.1	98.3	−1.4	−
Technology Acc	121.9	128.6	−0.4	−
Nat Resources Acc	54.8	57.9	+0.5	−
European Acc	100.7	106.3	−0.1	−
Residential Prop Acc	96.3	101.6	----	−
Swiss Equities Acc	35.7	37.7	----	−
Hong Kong Acc	62.2	65.7	−1.2	−
UK High Inc Eq Acc	76.5	80.7	+0.3	−
Int Fixed Interest Acc	55.6	58.7	+0.1	−
Int Managed Acc	56.5	59.5	−0.3	−
HIP Managed Acc	112.6	118.7	+0.8	−
HIP Managed II Acc	98.7	104.1	−0.1	−
HIP Managed III Acc	104.4	110.1	−0.1	−
Total Investment Bond				
UK Equity Initial		157.1	+0.5	−
UK Fixed Int Initial		116.1	----	−
Intl Equities Initial		120.3	−0.5	−
UK Managed Initial		119.4	+0.1	−
Property Initial		156.3	----	−
Money Initial		87.5	----	−
Special Market Initial		101.8	−0.1	−
Japan Equity Initial		83.4	−1.6	−
North American Initial		80.6	----	−
Pacific Initial		72.6	−1.0	−
Technology Initial		94.9	−0.3	−
Nat Resources Initial		42.7	+0.4	−
European Initial		90.7	----	−

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

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IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Credit tightening lifts D-Mark

THE D-MARK gained ground after the Bundesbank raised the interest rate on funds lent to German banks by way of securities repurchase agreements. This tightening of credit was regarded as a warning that the central bank may increase its discount or Lombard rates; the Bundesbank council meets next week.

Higher German rates come at a time when the financial markets are looking to Friday's US consumer price index and the possibility that falling inflation could prompt an easing of the Federal Reserve's monetary stance.

The Bundesbank's move appeared to be particularly timely, coming just before news that Germany's current account remained in deficit for the second consecutive month in February. The payments gap was DM1.7bn, while the shortfall in January was revised up sharply to DM2.1bn from DM1.2bn.

The current account news was bad enough to cap the D-Mark's recovery, but it still finished in London much firmer against the dollar and a little higher in the European exchange rate mechanism.

The dollar touched a low of DM1.6685, before closing at DM1.6710 compared with DM1.6885 on Monday. It also fell to Y135.80 from Y137.25; to SFr1.4185 from SFr1.4325; and to FFr5.6575 from FFr5.7125. On Bank of England figures the dollar's index fell to 64.8 from 65.3.

The D-Mark remained below its central rate against the Ecu and was among the weaker currencies in the ERM, but it showed a slight improvement rising to 0.88 from 0.83 per cent above the weakest placed French franc, according to figures from the European Commission.

In Milan the D-Mark climbed to L742.87 from L741.90 at the daily fixing and in Paris rose to FFr3.3836 from FFr3.3812 at the fixing.

The Spanish peseta hit its ERM ceiling of FFr5.4785 per 100 French francs yesterday and was fixed at that level for the third successive day in Paris.

A cut in its prime rate by Banco Espanol de Credito to 13.75 from 14.30 per cent was a reaction to the last cut in the Bank of Spain's money market intervention rate, and was not regarded as a signal of further monetary easing. Spanish inflation figures will be published on Friday and economists generally expect the underlying rate to remain high at around 7.5 per cent.

Sterling moved above DM2.99 in early European trading, but fell back on news of monetary tightening by the Bundesbank. The pound's underlying strength remained intact, despite an easing of London money market rates, and it closed unchanged at DM2.9875. Sterling gained 2.15 cents to $1.7905 and also advanced to FFr10.1125 from FFr10.1050, but fell to Y241.75 from Y242.75 and to SFr2.5300 from SFr2.5350. Its exchange rate index rose 0.3 to 93.1.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 9	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.302	-4.74	6.17	82
Sterling	0.696904	0.690977	-0.85	2.01	15
Italian Lira	1538.24	1530.60	-0.50	1.65	32
Belgian Franc	42.4032	42.4033	0.00	1.14	8
D-Mark	2.05586	2.06124	0.26	0.88	-6
Dutch Guilder	2.31643	2.32275	0.27	0.87	-6
Irish Punt	0.767417	0.771148	0.49	0.66	-15
Danish Krone	7.84195	7.90368	0.79	0.35	-29
French Franc	6.89509	6.97402	1.14	0.00	-54

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7690 - 1.7920	1.7900 - 1.7910	0.96-0.94cpm	6.37	2.50-2.47pm	5.55
Canada	2.0385 - 2.0666	2.0640 - 2.0650	0.47-0.38cpm	2.47	1.21-1.08pm	2.22
Netherlands	3.3590 - 3.3750	3.3650 - 3.3750	1-⅞cpm	3.34	2¼-2⅛pm	2.60
Belgium	61.20 - 61.80	61.70 - 61.80	20-15cpm	3.40	43-34pm	2.49
Denmark	11.4085 - 11.5000	11.4900 - 11.5000	2½-2¼orepm	2.48	5¾-5pm	1.89
Ireland	1.1165 - 1.1190	1.1180 - 1.1190	0.20-0.15ppm	1.88	0.50-0.40pm	1.61
Germany	2.9810 - 2.9935	2.9850 - 2.9900	¾-⅝pfpm	3.26	2⅛-1⅞pm	2.68
Portugal	259.70 - 261.90	260.75 - 261.75	36-16cpm	1.19	1-47cdis	-0.37
Spain	183.75 - 185.00	184.30 - 184.60	19-26cdis	-1.46	65-78dis	-1.55
Italy	2209.95 - 2220.05	2218.25 - 2219.25	2lirepm-par	0.54	3-1pm	0.36
Norway	11.5825 - 11.6575	11.6475 - 11.6575	2¼-1¼orepm	2.06	4¼-3¾pm	1.35
France	10.0830 - 10.1245	10.1075 - 10.1175	2¾-2½cpm	3.11	6¾-6¼pm	2.47
Sweden	10.7530 - 10.8250	10.8150 - 10.8250	¼orepm-par	0.14	⅝-1¼dis	-0.35
Japan	241.25 - 243.35	241.25 - 242.25	⅞-⅞ypm	4.03	2⅜-2¼pm	3.83
Austria	20.94 - 21.08	21.00 - 21.03	6¼-5gropm	3.18	15½-13¾pm	2.75
Switzerland	2.5250 - 2.5400	2.5250 - 2.5350	⅞-¾cpm	3.85	2¼-2pm	3.36
Ecu	1.4475 - 1.4520	1.4480 - 1.4490	0.38-0.34cpm	2.98	0.89-0.82pm	2.36

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.42-4.37cpm. 12 Month 7.21-7.11pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7690 - 1.7920	1.7900 - 1.7910	0.96-0.94cpm	6.37	2.50-2.47pm	5.55
Ireland†	1.5785 - 1.6010	1.5995 - 1.6005	0.55-0.50cpm	3.94	1.57-1.47pm	3.80
Canada	1.1520 - 1.1540	1.1525 - 1.1535	0.36-0.39cdis	-3.90	0.95-1.00dis	-3.38
Netherlands	1.8810 - 1.9085	1.8810 - 1.8820	0.49-0.52cdis	-3.22	1.42-1.47dis	-3.07
Belgium	34.45 - 34.85	34.45 - 34.55	8.00-10.00cdis	-3.13	25.00-29.00dis	-3.13
Denmark	6.4175 - 6.4895	6.4175 - 6.4225	2.00-2.30oredis	-4.02	5.80-6.40dis	-3.80
Germany	1.6665 - 1.6940	1.6680 - 1.6690	0.42-0.44pfdis	-3.09	1.26-1.29dis	-3.06
Portugal	146.65 - 147.05	146.65 - 146.75	56-66cdis	-4.99	205-235dis	-6.00
Spain	103.00 - 104.50	103.20 - 103.30	67-71cdis	-8.02	182-192dis	-7.24
Italy	1238.00 - 1255.75	1239.00 - 1239.50	5.80-6.30liredis	-5.86	16.50-17.50dis	-5.49
Norway	6.5050 - 6.5840	6.5050 - 6.5100	2.25-2.65oredis	-4.52	6.85-7.35dis	-4.36
France	5.6420 - 5.7255	5.6450 - 5.6500	1.57-1.64cdis	-3.41	4.50-4.61dis	-3.23
Sweden	6.0325 - 6.0985	6.0400 - 6.0450	3.10-3.35oredis	-6.40	9.05-9.50dis	-6.14
Japan	135.00 - 137.15	135.00 - 135.10	0.24-0.26ydis	-2.22	0.60-0.64dis	-1.84
Austria	11.7800 - 11.9150	11.8060 - 11.8110	2.90-3.35grodis	-3.18	8.40-9.60dis	-3.05
Switzerland	1.4125 - 1.4370	1.4125 - 1.4135	0.30-0.33cdis	-2.68	0.82-0.87dis	-2.39
Ecu	1.2175 - 1.2370	1.2355 - 1.2365	0.36-0.34cpm	3.40	1.00-0.96pm	3.17

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Apr 9	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	12⅛ - 12¼	12½ - 12¼	12¼ - 12⅛	11⅞ - 11⅝	11⅝ - 11⅜	11⅜ - 11¼
US Dollar	6 - 5⅞	6 - 5⅞	6⅛ - 5⅞	6⅜ - 6⅛	6⅜ - 6⅛	6⅝ - 6⅜

EXCHANGE CROSS RATES

Apr.9	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.791	2.988	241.8	10.11	2.530	3.370	2219	2.065	61.75	1.449
$	0.558	1	1.668	135.0	5.645	1.413	1.882	1239	1.153	34.48	0.809
DM	0.335	0.599	1	80.92	3.384	0.847	1.128	742.6	0.691	20.67	0.485
YEN	4.136	7.407	12.36	1000.	41.81	10.46	13.94	9177	8.540	255.4	5.993
F Fr.	0.989	1.772	2.955	239.2	10.	2.502	3.333	2195	2.043	61.08	1.433
S Fr.	0.395	0.708	1.181	95.57	3.996	1	1.332	877.1	0.816	24.41	0.573
H Fl.	0.297	0.531	0.887	71.75	3.000	0.751	1	658.5	0.613	18.32	0.430
Lira	0.451	0.807	1.347	109.0	4.556	1.140	1.519	1000.	0.931	27.83	0.653
C $	0.484	0.867	1.447	117.1	4.896	1.225	1.632	1075	1	29.90	0.702
B Fr.	1.619	2.900	4.839	391.6	16.37	4.097	5.457	3594	3.344	100.	2.347
ECU	0.690	1.236	2.062	166.9	6.977	1.746	2.326	1531	1.425	42.62	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

OPTION ON LONG-TERM FRENCH BOND (MATIF) April 8

Strike	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
103	3.62	-	-	0.09	0.41	-
104	-	-	-	0.17	0.60	-
105	1.90	-	-	0.35	-	-
106	1.22	1.73	-	0.65	1.25	-
107	0.71	1.24	-	-	-	-
108	0.37	0.85	-	-	-	-
Open Int	118,036	20,183	1,100	117,165	26,379	1,250

Estimated volume 45,626 Total Open Interest 284,113

Estimated volume 2214 (1759)
Previous day's open int. 12438 (12616)

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7905	1.7810	1.7657	1.7510	1.7189

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.7608	1.7630	1.7584	1.7464
Sep	1.7410	1.7430	1.7400	1.7262
Dec	-	1.7230	-	1.7102

BASE LENDING RATES

	%		%		%
ABN Bank	12½	Comm.Bk.of London Plc	12½	McDonnell Douglas Bnk.	12½
Adam & Company	12½	Co-operative Bank	12½	Midland Bank	12½
Allied Trust Bank	12½	Coutts & Co	12½	Mount Banking	12½
AIB Bank	12½	Cyprus Popular Bk	12½	Nat Bk. of Kuwait	13½
● Henry Ansbacher	12½	Dunbar Bank PLC	12½	NatWestminster	12½
B & C Merchant Bank	12½	Duncan Lawrie	12½	Northern Bank Ltd	12½
Bank of Baroda	12½	Equatorial Bank plc	12½	Nykredit Mortgage Bank	13
Banco Bilbao Vizcaya	12½	Exeter Bank Limited	13	Provincial Bank PLC	15
Bank Credit & Comm	12½	Financial & Gen. Bank	12½	Roxburghe Bank Ltd.	13½
Bank of Cyprus	12½	First National Bank Plc.	15	Royal Bk of Scotland	12½
Bank of Ireland	12½	● Robert Fleming & Co.	12½	● Smith & Williamson Secs.	12½
Bank of India	12½	Robert Fraser & Ptnrs.	13	Standard Chartered	12½
Bank of Scotland	12½	Girobank	12½	TSB	12½
Banque Belge Ltd	12½	● Guinness Mahon	12½	Unibank plc	12½
Barclays Bank	12½	● Hambros Bank	12½	● United Bk of Kuwait	12½
Benchmark Bank	13	Hampshire Trust Plc	13½	United Mizrahi Bank	12½
Brit Bk of Mid East	12½	Heritable & Gen Inv Bnk.	12½	Unity Trust Bank Plc	12½
● Brown Shipley	12½	● Hill Samuel	12½	Western Trust	12½
CL Bank Nederland	12½	C. Hoare & Co.	12½	Westpac Bank Corp.	12½
● Charterhouse Bank	12½	Hongkong & Shanghai	12½	Whiteaway Laidlaw	12½
Citibank NA	12½	● Leopold Joseph & Sons	12½	Yorkshire Bank	12½
City Merchants Bank	12½	Lloyds Bank	12½		
Clydesdale Bank	12½	Meghraj Bank Ltd	12½		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

German rate move

THE GERMAN Bundesbank tightened its credit stance slightly yesterday by offering one-month funds to the domestic money market at 8.60 per cent compared with 8.50 previously.

Since the last increase in the discount and Lombard rates at the beginning of February, the Bundesbank has offered one-month money at a fixed 8.50 per cent, but yesterday the central bank invited tenders for a 28-day securities repurchase agreement at a fixed 8.60 per cent.

The money will be required to offset DM22.6bn draining from the system today as an earlier securities repurchase pact expires.

UK clearing bank base lending rate 12.5 per cent from March 22, 1991

Call money in Frankfurt firmed slightly to 8.85 from 8.80 per cent, but there was little if any reaction in London to the German move.

Three-month sterling interbank fell to 12-11$\frac{15}{16}$ per cent from 12$\frac{1}{16}$-12 and one-year money was unchanged at 11¾-11¼ per cent. As the pound remained the second strongest currency in the ERM, wholesale rates in London discounted a cut of ½ point to 12 per cent in UK bank base rates.

On Liffe short sterling futures opened firmer at 88.95, but fell back to 88.85 as the Bundesbank tightened, before rallying slightly to 88.87 at the close compared with 88.92 on Monday.

The Bank of England initially forecast a London money market credit shortage of £800m, but revised this to £900m at noon, and back to £800m in the afternoon. Total assistance of £768m was provided.

In early operations the authorities bought £50m bank bills outright in band 2 at 12¼ per cent. Before lunch another £317m bank bills were purchased in band 1 at 12⅜ per cent. In the afternoon £211m bank bills were bought in band 2 at 12¼ per cent and late assistance of around £190m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £195m, with the unwinding of bill repurchase agreements absorbing £674m and bank balances below target £180m. These outweighed exchequer transactions adding £90m to liquidity and a fall in the note circulation of £160m.

In Dublin the Irish Central Bank cut its short-term facility rate - the level it lends funds to commercial banks - to 10¾ from 11 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.9) 3 months US dollars		6 months US Dollars	
bid 6$\frac{1}{16}$	offer 6$\frac{3}{16}$	bid 6$\frac{3}{16}$	offer 6$\frac{5}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	9	One month	5.74	Three year	7.19
Broker loan rate	8½	Two month	5.75	Four year	7.41
Fed funds	5¾	Three month	5.81	Five year	7.65
Fed funds at intervention	5$\frac{11}{16}$	Six month	5.97	Seven year	7.90
		One year	6.18	10-year	8.00
		Two year	6.93	30-year	8.18

Apr.9	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.80-8.90	8.80-8.95	8.90-9.05	8.95-9.15	9.05-9.25	9.00
Paris	9$\frac{1}{16}$-9$\frac{3}{16}$	9¼-9⅜	9¼-9¼	9⅜-9$\frac{7}{16}$	9⅜-9½	9.25
Zurich	7⅞-8⅛	8⅛-8⅜	-	8⅛-8⅜	-	-
Amsterdam	8.70-8.85	8.95-9.05	-	9.02-9.12	-	-
Tokyo	8⅜-8¼	8⅛-8$\frac{1}{16}$	-	7$\frac{13}{16}$-7¾	-	-
Milan	11¾-12	11¾-12	-	11¾-12½	-	-
Brussels	8.81-8.88	9.91¼	-	9⅜-9⅛	-	-
Dublin	9½-9½	10¼-10¼	10$\frac{3}{16}$-10$\frac{1}{16}$	10¼-10⅛	10¼-10⅛	-

LONDON MONEY RATES

Apr 9	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12¼	12⅝	12¼	12$\frac{1}{16}$	11$\frac{11}{16}$	11⅜
Interbank Bid	8	12⅛	12⅛	11$\frac{15}{16}$	11$\frac{9}{16}$	11¼
Sterling CDs	-	-	12¼	12	11$\frac{5}{8}$	11¼
Local Authority Deps.	12½	12⅜	12$\frac{5}{16}$	12$\frac{1}{16}$	11$\frac{11}{16}$	11$\frac{7}{16}$
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	12¼.	12¼	12¼	11¾	-	-
Company Deposits	-	-	12⅝	12⅛	11¾	11½
Finance House Deposits	-	-	12⅜	12	11⅜	11⅜
Treasury Bills (Buy)	-	-	11¾	11$\frac{7}{16}$	10$\frac{15}{16}$	-
Bank Bills (Buy)	-	-	11$\frac{27}{32}$	11$\frac{15}{32}$	10$\frac{31}{32}$	-
Fine Trade Bills (Buy)	-	-	12$\frac{11}{16}$	12⅜	11$\frac{13}{16}$	-
Dollar CDs	-	-	6.08	6.10	6.20	6.63
SDR Linked Dep. Offer	-	-	8$\frac{1}{16}$	8	8$\frac{1}{16}$	8$\frac{1}{16}$
SDR Linked Dep. Bid	-	-	7$\frac{15}{16}$	7⅞	7$\frac{15}{16}$	7$\frac{15}{16}$
ECU Linked Dep. Offer	-	-	9⅝	9$\frac{7}{16}$	9$\frac{7}{16}$	9½
ECU Linked Dep. Bid	-	-	9¼	9$\frac{5}{16}$	9$\frac{5}{16}$	9⅜

Treasury Bills (sell): one-month 11¾ per cent; three months 11$\frac{5}{16}$ per cent; six months 10$\frac{27}{32}$ per cent; Bank Bills (sell): one-month 11¾ per cent; three months 11$\frac{15}{32}$ per cent; Treasury Bills; Average tender rate of discount 11.4156 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 28, 1991. Agreed rates for period April 23, 1991 to May 25, 1991, Scheme I: 13.52 p.c., Schemes II & III: 13.71 p.c. Reference rate for period March 1, 1991 to March 28, 1991, Scheme IV&V: 12.472 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 from April 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9 per cent; one-three months 11 per cent; three-six months 10½ per cent; six-nine months 10 per cent; nine-twelve months 10 per cent; Under £100,000 9 per cent from March 25 1991, Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,514 Set by CINEPHILE

ACROSS

1 In borders of Surrey, comparatively dim place for breeding birds (8)
5 Proverbs of post-Christian periods? (6)
10 Right way for pine? Don't evergreens do it? (5)
11 Popper in place for breeding journalists? (5,4)
12 Sack reliable person to save fuel (9)
13 French boy goes west to recover (5)
14 Sound of snake will demoralise conductor (6)
15 It's essential to make fuel end (7)
18 Stole when suffering want? (7)
20 Revolutionary club? (6)
22 Beat in bath robe (5)
24 Perfume from oriental tree, possibly, one of three? (9)
25 A cut made by a bad liar referring to insurance (9)
26 Stop on a green (5)
27 Wild girl takes old ship to retreat (6)
28 God – you must have translated it inside – makes rubble (8)

DOWN

1 Absolution is usually short (8)
2 It's a nuisance about forward having to belong (9)
3, 6 Only the Indian warrior is fit to win the blonde (4,3,5,8,3,4)
4 Traveller's hat could be crocodile (7)
6 See 3
7 To prosper you need to have a good relationship (3,2)
8 Succession of American flags caused dread to return in barrister (8)
9 Yank wearing jacket (6)
16 Cooks come after stuff for stuffing (9)
17 See carbon (result of burning wood) for quick settlement (4,4)
19 Kill mother for kingdom (6)
20 Will do crossword again? (7)
21 Deserter among soldiers gets free (6)
23 Bring to court again to fix Terry (5)

Solution to Puzzle No.7,513

SUITCASE CASALS / TENTPOLE EMBRYO / EARNS CARDSHARP / INLAID PRIMING / TWELFTH SENIOR / NOVELETTE SOUTH / ANGLER ACCOLADE / DRESSY BLENHEIM

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

3:00 pm prices April 9

Quotations in cents unless marked $

[illegible]

Sales	Stock	High	Low	Close	Chng
102200	Can Packer	$14⅛	14	14	-⅛
2800	Can Util A	$19½	19⅜	19½	+⅛
7800	Can Util B	$20½	20½	20½	
13700	Canamax	67	58	57	+8
1100	Cantor	$25⅜	25⅛	25⅛	-⅛
84500	Cara Op	$16½	16¼	16½	+¼
9300	Carena Dev	$13⅝	13½	13⅝	
1500	Cascades	500	500	500	
5500	Cntrl Cap	57⅛	7	7	-⅛
20600	Cineplx Odn	$5⅜	5¼	5¼	
900	Cntrl Fd A	480	470	480	+10
50000	Cominco	$23⅜	23¼	23⅛	-⅛
2100	Coputalog	260	253	253	-15

Sales	Stock	High	Low	Close	Chng
2600	Jannock	u$16½	16½	16½	+⅛
400	KerrAddie	$16	15⅞	15⅞	
12600	Labatt	$23⅝	23¼	23⅝	+⅛
581800	Lac Minls	$9⅞	9⅝	9¾	+¼
5000	Lafarge	$16¾	16¾	16⅝	
33000	Laidlaw A	$15½	15⅛	15¼	
140800	Laidlaw B	$15⅜	15⅛	15¼	
200	Laurent Bk	$16⅝	16⅝	16⅝	
400	Laurent Gp	$6⅝	6⅞	6⅝	

Sales	Stock	High	Low	Close	Chng
1200	Rothmans	565	55	65	
225600	RoyalBkCan	$28¼	28	28⅛	
908500	RylTrustco	$9⅛	8⅞	9⅛	+⅛
500	StamCn A x	$15⅝	15½	15½	-¼
31600	Sceptre Rs	355	340	340	-10

1 - No voting rights or restricted voting rights

MONTREAL

3:00 pm prices April 9

Sales	Stock	High	Low	Close	Chng
55700	NatBk Can	$10⅛	10⅛	10¼	
7900	Provigo	$12¼	11⅞	11⅞	-½
1900	Quebecor A	$19	19	19	
3600	Videotron	$13⅜	13⅜	13⅜	

Total Sales 9,832,400 shares

INDICES

NEW YORK

DOW JONES	Apr. 8	Apr. 5	Apr. 4	Apr. 3	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2918.56	2896.78	2924.50	2926.73	2973.27 (6/3)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.84	93.72	93.61	93.71	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 1/10/81)
Transport	1123.06	1114.95	1121.65	1116.18	1166.26 (5/3)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	216.11	215.10	216.11	216.30	228.12 (26/3)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2929.21 (2949.26) Low 2877.72 (2876.98)

STANDARD AND POOR'S

	Apr. 8	Apr. 5	Apr. 4	Apr. 3	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	378.65	375.36	379.77	378.94	379.77 (4/4)	311.49 (9/1)	379.77 (4/4/91)	4.40 (1/6/32)
Industrials	448.46	444.37	449.84	448.74	449.84 (4/4)	364.90 (9/1)	449.84 (4/4/91)	3.62 (21/6/32)
Financial	30.27	30.03	30.36	30.15	30.36 (4/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	207.17	205.66	207.73	207.39	207.73 (4/4)	170.97 (9/1)	207.73 (4/4/91)	4.46 (25/4/42)
Amex Mkt. Value	364.25	363.41	365.11	362.47	365.11 (4/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	495.65	495.79	497.57	495.05	497.57 (4/4)	355.75 (14/1)	497.57 (4/4/91)	54.87 (31/10/72)

	Apr.5	Mar.22	Mar.15	year ago (approx.)
Dow Industrial Div. Yield	3.48	3.53	3.42	4.03

	Apr.3	Mar.27	Mar.20	year ago (approx.)
S & P Industrial div. yield	2.81	2.84	2.88	3.05
S & P Indl. P/E ratio	18.44	18.27	17.95	15.09

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Pepsico	3,281,300	32½	-⅛
Nabisco RJ	2,829,500	11⅛	-⅛
Pet Inc	2,764,700	17⅛	+1⅛
Saatchi Co	2,470,100	1⅛	-⅛
Fund America	2,266,100	63	+⅛
Amer Express	1,875,400	28⅛	-⅛
Philip Morris	1,385,100	68½	+⅛
Boeing	1,312,800	48⅞	—
Chase Manhattan	1,282,500	17⅝	—
Blockbuster	1,290,700	12⅛	+⅛

TRADING ACTIVITY

† Volume (Millions)	Apr.8	Apr.5	Apr.4
New York	138.590	188.467	198.120
Amex	12.166	13.064	14.867
NASDAQ	148.939	200.264	216.112
Issues Traded	2,053	2,046	2,065
Rises	946	599	941
Falls	618	938	675
Unchanged	489	509	449
New Highs	99	125	186
New Lows	6	5	6

CANADA

TORONTO	Apr. 8	Apr. 5	Apr. 4	Apr. 3	1991 HIGH	1991 LOW
Metals & Minerals	3132.89	3135.70	3134.10	3130.66	3284.18 (5/3)	2632.06 (9/1)
Composite	3515.68	3518.13	3524.26	3516.44	3571.53 (6/3)	3161.95 (15/1)
MONTREAL Portfolio	1843.37	1844.92*	1851.13	1847.64	1888.19 (5/3)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 9	Apr. 8	Apr. 5	Apr. 4	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1449.1	1459.8	1456.4	1459.8	1459.8 (4/4)	1204.5 (16/1)
All Mining (1/1/80)	654.1	662.9	657.5	662.9	673.5 (19/3)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	(c)	525.20	520.53	517.72	525.20 (8/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1201.72	1199.19	1208.59	1198.59	1202.31 (3/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	352.76	353.42	354.26	353.82	354.26 (4/4)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1171.3	1186.9	1183.7	1171.4	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	493.78	493.35	491.42	491.21	493.78 (9/4)	394.88 (15/1)
CAC 40 (31/12/87)	1845.96	1847.57	1851.71	1836.21	1851.89 (3/4)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	677.11	672.44	671.57	666.97	682.77 (8/3)	570.48 (15/1)
Commerzbank (1/12/53)	1917.80	1905.80	1905.40	1892.60	1942.3 (8/3)	1612.5 (15/1)
DAX (30/12/87)	1582.11	1579.95	1586.87	1571.97	1602.29 (8/3)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3757.30	3812.01	(c)	3849.15	3869.70 (3/4)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1497.72	1502.00	1510.86	1518.26	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	592.94	595.46	600.29	591.99	600.29 (5/4)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	26317.39	26607.65	26767.33	26689.81	27146.91 (18/3)	22442.70 (16/1)
Tokyo SE (Topix) (4/1/68)	1986.29	2008.74	2015.60	2007.48	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3275.63	3283.57	3267.76	3238.94	3283.57 (8/4)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	572.44	582.13	591.14	592.17	605.85 (11/3)	478.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	268.8	267.9	269.3	269.9	270.9 (3/4)	221.4 (16/1)
CBS All Shr (End 1983)	196.6	195.9	196.9	197.4	198.1 (3/4)	162.3 (16/1)
NORWAY						
Oslo SE Ord (2/1/83)	709.08	713.71	718.49	717.55	735.00 (8/3)	618.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	(c)	1154.73	1148.36	1128.87	1154.73 (8/4)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	400.41	406.03	409.75	409.58	415.46 (15/3)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1089.08	1064.0	1044.0	1043.0	1367.0 (14/1)	971.0 (25/3)
JSE Industrial (28/9/78)	3453.08	3431.0	3436.0	3419.0	3453.0 (9/4)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	646.04	645.46	(c)	654.14	697.62 (4/1)	624.68 (16/1)
SPAIN						
Madrid SE (30/12/85)	280.60	279.91	281.47	282.08	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1089.80	1098.30	1111.7	1114.8	1119.8 (18/3)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	741.0	741.1	742.5	740.8	743.0 (3/4)	590.4 (14/1)
SBC General (1/4/87)	625.1	624.4	623.4	618.4	625.1 (9/4)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5349.76	5279.97	(c)	(c)	5349.76 (9/4)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	885.75	(c)	874.64	868.49	885.75 (9/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	517.8*	517.9	521.7	520.1	524.4 (5/4)	439.1 (16/1)

**Saturday April 6: Taiwan Weighted Price: (c). Korea Comp Ex. 651.00.
§ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 9 April 1991

	Stocks Traded	Closing Prices	Change on day
Hitachi Zosen	18.5m	680	-10
M'tsui OSK Lne	11.2m	657	-17
Chiyoda	9.9m	2,980	-40
Furukawa Elec	8.8m	855	-18
Kuraray	7.2m	1,580	+20
Godo Steel	6.0m	2,640	+50
Kanematsu	6.0m	863	+33
Nippon Steel	4.9m	480	-12
Showa Almn	4.3m	1,050	+20
S'tomo Realty	4.2m	1,270	+10

3:15 pm prices April 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	9¼	AAR Corp	0.48	0.03	12	792	13⅞	13½	13¾	
28⅛	21⅞	A L Labs A	0.24	0.01	32	355	28	27½	27½	-½
54⅛	40⅞	AMP Inc	1.44	0.03	16	1227	51⅞	50⅞	50⅞	-⅞
69	44¼	AMR			91	1734	68⅞	68¼	68⅜	-⅜
2⅝	1¼	ARX			3	143	u2⅝	2½	2½	-⅛
48¾	41½	ASA	3.00	0.06	13	1010	47⅝	47	47⅝	+⅜
50⅛	39¼	Abbott Lab x	1.00	0.02	22	2924	49⅝	49	49	-⅞
13½	9⅞	Abitibi Pr x	0.50	0.04	19	27	u13½	13⅞	13½	+⅛
11¼	10⅜	ACM Gvt In x				309	u11⅛	11⅛	11⅛	
9⅜	8¼	ACM GvOpp x				75	9⅛	9	9⅛	
9	8⅛	ACM Gvt Sp x	1.01	0.11		207	u9	8⅞	9	+⅛
10⅛	9⅞	ACM Gvt Se				474	u10⅜	10⅜	10⅜	
8¼	7⅝	ACM Man x				190	8	7⅞	7⅞	-⅛
12⅞	11⅞	ACM Mangd x				196	12½	12⅜	12½	+⅛
7¼	4⅛	Acme Cleve	0.40	0.06	17	65	6⅞	6⅛	6⅛	+⅛
6	4⅛	Acme Elect			16	26	5	d4⅞	5	+⅛
40	22⅞	Acuson			28	452	38⅝	37⅞	37⅞	-⅝
17⅛	14¼	Adams Expr	0.48	0.03	0	121	16½	16⅜	16½	
20	18⅞	Adobe12Pf	2.40	0.12		20	19⅞	19⅜	19⅜	
9⅛	7	Adobe Res			19	131	7⅞	7⅛	7⅛	+⅛
31½	18	Ad Micro				234	u31⅞	31⅛	31½	+⅛
11⅞	4⅝	Ad Micro P	3.00	0.26	22	7819	u12⅛	11⅝	11⅝	
4⅝	2¼	Advest Grp			3	78	4⅝	4¼	4⅜	
48⅞	33⅞	Aetna Lf	2.76	0.06	7	1620	47	46¼	46¼	-⅝
10⅝	6⅝	Ahll A	0.24	0.02	27	1776	9⅜	9⅛	9⅛	+⅛
18¾	12	Ahmanson	0.88	0.05	9	1442	18½	17⅞	17⅞	-½
5⅞	2⅞	Aileen Inc			9	127	5⅝	5½	5½	-⅛
70⅞	51⅞	Air Pr Chm x			15	427	67⅞	66⅞	66⅞	-1
25	16⅝	Airbne Frt	0.30	0.01	12	187	21⅜	21⅛	21⅜	
18⅞	12½	Airgas Inc			20	33	17⅞	17⅛	17⅛	-½
15¼	10	Airlease	1.60	0.13	6	17	12⅞	12⅛	12⅛	
92½	88⅛	AlaPw8.16				2	90	90	89½	-½
23½	21⅞	AlaPw PfA				z100	23¼	23¼	23¼	
103	100	AlaPw9.44				z100	101½	101½	101½	
108	104½	Alab Pw 11				z100	107	107	105	-1½
100¼	96	Alab Pw 9P				z100	99½	99	99½	
92¾	88	Alab 8 28C				2	91	91	91	
10¼	9⅛	AlaPwDpPf				10	10	9⅞	9⅞	
25⅜	17½	Alaska Air x	0.20	0.01	30	324	25	24⅜	24⅜	-⅜
16¾	10	Albany Int	0.35	0.02	47	35	14½	14¼	14⅜	-⅜
34¼	27⅞	AlCulvr B	0.22	0.01	22	16	30½	30¼	30¼	-¼
24⅞	20¼	AlCulvr A	0.20	0.01	16	116	24¼	24	24	-⅛
49¼	32⅝	Albertsons	0.56	0.01	26	1429	47½	46½	46½	-½
23¾	18½	Alcan Alum	1.12	0.05	8	1931	21⅛	20¾	20¾	-⅜
35⅞	28⅝	Alco Stand	0.88	0.03	13	139	32	31¾	31¾	-¼
27⅝	20⅞	Alexr Alex			22	703	26⅞	26¼	26½	+⅛
30¾	19¾	Alexanders			70	28	26¾	26	26	-1
28½	21¾	Allegh Lud	0.88	0.03	13	151	27⅝	27⅜	27½	-⅛
39⅞	35	Allegh Pow	3.16	0.08	10	643	38⅞	38⅝	38⅞	+⅛
20	16⅝	Allen Gp				3	18⅞	18⅞	18⅞	
15⅛	9¾	Allen Con			20	42	12⅞	12⅝	12⅞	
25½	16¾	Allergan			19	731	24⅝	24	24	-⅜
24	15¼	Allnce Cap	1.76	0.08	19	222	23½	22⅞	23⅛	-⅜
13⅞	9⅞	Allnce Gl				173	12⅛	12	12⅛	
8¾	7⅞	Allnce N E				18	8⅝	8⅝	8⅝	-¼
23	18¼	All Ir Bk				751	u23	22⅝	23	+¼
31⅞	25⅞	Alld Sig	1.80	0.06	8	1052	29⅛	28	28	-⅞
9⅝	8⅝	AlstMunTr x	0.71	0.08		230	9½	9⅜	9⅜	-⅛
9⅞	8⅝	AlstIncOp x	0.78	0.08		200	9⅝	9½	9½	-⅛
9⅝	8⅝	AlstMnInc				19	9⅜	9⅜	9⅜	
9⅛	8⅛	AlstMnInc x				157	9¼	9⅛	9¼	
43	31¼	Alltel Crp	1.40	0.03	17	282	40½	40	40	-½
69¼	53¾	Alcoa	1.60	0.02	18	1610	64½	63½	63⅞	-1
9⅞	9⅛	AmGovInc x				111	9⅜	9⅝	9⅝	
27½	20⅞	Amax	0.80	0.03	9	1521	25½	25¼	25¼	-⅛
15⅞	11½	Amax Gold	0.08	0.01	30	300	14⅞	14⅛	14⅜	+½
1⅛	¼	Ambase Cp			0	51	⅜	⅜	⅜	
11¼	6	Amcast Ind	0.48	0.04	5	105	10⅞	10⅝	10¾	+⅛
50⅞	42½	Amerada Hs	0.60	0.01	7	1388	47⅞	46⅞	46⅞	
⅞	⅛	Amdura Crp			0	67	⅜	⅜	⅜	+⅛
10⅞	10	Am Adj R x				76	10⅛	10⅛	10⅛	-⅛
21⅝	18½	Am Barrick			46	2743	21¼	20⅞	21⅛	+⅜
31½	29¾	Am Br2.75				25	31	30¾	30¾	-⅛
47⅝	35⅝	Am Brands	1.54	0.04	14	1953	43¼	42¼	42⅜	+¼
34½	24⅝	Am Bald M x	0.94	0.03	13	63	33⅛	32⅞	33	+⅜
25¼	18⅞	Am Bus Prd	0.94	0.04	12	42	u25⅞	25⅛	25⅛	+⅛
6¾	5½	Am Cap Inc	0.84	0.13		441	u6⅞	6½	6⅝	
18½	16⅝	Am Cap Bd			32	69	u18½	18¼	18½	+⅛
18⅞	16¼	Am Cap CV			0	10	18¼	18⅛	18⅛	
68⅞	48½	Am Cyanamd	1.35	0.02	48	2788	67¼	66⅛	66⅛	-⅝
29⅞	26⅝	Am El Pow	2.40	0.08	11	3228	u29¾	29⅝	29⅝	-⅛
30¾	19⅛	Am Express x	0.92	0.03	80	1240	28⅛	27½	27½	-⅜
25¼	17⅞	Am Family	0.38	0.01	17	1251	25	24½	24½	
40⅞	28	Am Genl Co	2.00	0.05	8	827	u40⅞	40⅝	40⅝	-⅛
7⅞	7¼	Am Gov In x				79	7⅛	7⅝	7⅛	+⅛
29⅛	22¾	Am Hlth Pr	2.42	0.08	14	231	27⅞	27½	27⅝	+⅜
24⅞	20	Am Heritge	1.02	0.04	9	6	22⅝	22⅜	22⅝	+⅛
59⅞	46½	Am Home Pr	2.30	0.04	14	2151	58⅜	57¼	58⅛	-¼
3½	2⅞	Am Hotels			21	18	u3⅛	3⅜	3⅜	
101¼	72	Am Int Gr	0.44	0.00	14	2364	u102	100⅛	101	-⅛
1⅞	1	Am Intml			1	535	1⅝	1½	1½	
11	8¾	Am Intl Pf				41	10½	10¼	10½	
10⅛	9⅞	Am Opp Inc x				177	u10⅛	9⅞	10⅛	+⅛
24⅝	15¾	Am Presdt	0.60	0.02	7	201	24½	24	24½	+¼
10¼	7¾	Am Real Es	2.00	0.22	7	28	9⅛	9⅛	9⅛	+⅛
3¼	1⅞	Am Sav Bk				231	2⅝	2⅜	2⅝	-⅛
2⅛	⅞	Am Sv Bk	0.20	0.11	0	476	1⅞	1⅜	1¾	-⅛
4⅜	1¼	Am Ship Bd			2	356	3⅜	2⅞	3⅛	-⅛
92⅞	54	Am Stores x	1.12	0.01	16	895	89½	87¼	87¼	-1⅝
35	29⅛	AT&T	1.32	0.04	13	8995	u35	34⅛	34¼	-⅜
15½	13½	Am Watr 5%				2	14	14	14¼	+¼
20⅝	15½	Am Watr	0.85	0.04	10	103	20¼	19⅞	20¼	+⅜
69¼	62⅝	Ameritech	3.40	0.05	13	1704	65¼	64⅞	64⅞	-1⅜
47⅛	38¼	Ameron Inc	1.28	0.03	13	34	43	43	43	
3	½	Ames Dt St			0	895	2⅛	1⅞	1⅞	-⅛
12¾	8½	Ametek Inc	0.84	0.05	13	172	12	11¾	11¾	-¼
10¼	9⅛	Amev Sec	1.05	0.10	0	9	u10⅛	10⅛	10⅛	+⅛
54⅞	47	Amoco	2.20	0.04	13	5106	52⅝	51⅝	52¼	
9¼	6	AmpcoPitt x	0.30	0.03	27	40	9	8¾	8⅞	+⅛
5⅜	2⅞	Amre Inc	0.12	0.02	6	149	4⅜	4⅝	4⅝	-⅛
26⅞	18½	Amsouth	1.44	0.05	8	78	u26⅞	26⅜	26⅞	+⅛
4⅝	1⅝	Anacomp			37	667	4⅜	4⅛	4⅛	-⅛
29¾	24	Anadarko	0.30	0.01	24	938	25⅞	25½	25½	-½
11⅞	6½	Analog Dev			51	42	11½	11⅜	11⅜	-⅛
39	29⅞	Angelica	0.88	0.02	15	277	u38	37½	37¾	-⅛
54¼	39⅞	AnheBsch	1.00	0.02	17	3122	52	50⅝	50⅞	-1⅝
28¾	25⅛	ANR PpePf				2	26	26	26	
36½	15¾	Anthem			17	286	34⅝	33⅞	34	-¼
9⅞	8⅜	Anthony In	0.44	0.05	31	9	9⅛	9	9	-¼
38⅛	29⅜	Aon Corp	1.60	0.04	10	545	u38⅞	38⅛	38⅛	-⅛
15¾	12	Apache Crp	0.28	0.02	13	1613	12⅝	12⅜	12½	
12	11¼	Apex Mun F	0.84	0.08		305	11¾	11⅝	11⅞	+⅛
91½	86½	ApplPwPf x				z100	89	89	89½	
13	7⅞	Appld Mag			21	32	11⅞	11⅜	11⅞	+⅛
24⅛	19⅜	ArcherDan	0.10	0.00	15	4837	23½	23⅜	23⅜	-⅜
40⅞	33⅛	Arco Chem			12	155	40½	40⅜	40⅜	-⅛
7⅛	4½	Arc Alask			9	128	7	6⅞	6⅞	-⅛
20¼	17⅝	Arkla	1.08	0.06	17	1809	18⅞	18⅜	18⅜	
40⅜	37⅞	Arkla Pf				29	38⅞	38½	38½	-¼
15⅞	11⅝	Arkla Expl	0.20	0.02	61	24	12⅜	12⅛	12⅛	-⅛
35	28	Armco 4.5P				15	34⅛	34⅛	34⅛	
6¼	4¼	Armco Inc			6	546	4⅞	4⅜	4⅜	-⅛
20¼	15¼	Armco 2.1P				3	18¼	17⅞	18¼	+⅛
31	22⅞	Armstrong	1.16	0.04	10	880	28⅞	27⅜	28½	-¼
17½	12⅜	Arw El Pf x				115	17¼	16⅞	17¼	-¼
7⅞	3⅝	Arrow Elec			17	802	u7⅞	7¼	7⅝	+¼
13⅞	6⅛	Artra Grp			25	34	10¼	10	10¼	-¼
23⅞	16¼	Arvin Ind	0.68	0.03	17	146	23⅜	23¼	23⅜	-⅛
30½	25⅞	Asarco Inc	1.60	0.06	7	52	28	27⅞	27⅞	-¼
23⅝	17½	Ashld Coal	0.40	0.02	14	88	23⅛	22⅞	22⅞	-½
34½	28⅛	Ashlnd Oil	1.00	0.03	11	374	32	31⅝	31¾	+⅜
16⅛	10⅞	Asia Pac F				55	14½	14⅜	14½	
12⅛	8	Asset Invr	1.95	0.16	5	448	12⅛	11⅞	11⅞	-¼
24½	16½	Asc Nt Gas	0.12	0.00	24	113	u24½	24⅜	24½	
12⅝	8⅜	Athlone	1.00	0.08	10	3	u12⅝	12⅝	12⅝	
320½	271½	Atl Rich 2				z100	299¼	299¼	299¼	
33⅛	29¾	Atlnta Gas	2.04	0.06	15	117	u33⅛	32⅞	33⅛	+⅛
4⅛	2⅛	Atlnta Soe			24	10	u4⅛	4	4	-⅛
37	32	Atlntc Egy	2.96	0.08	12	79	36½	36¼	36⅜	-⅛
135¾	113¼	Atl Rich	5.50	0.04	10	2050	127½	125¾	126½	+¼
8⅝	6⅞	Atlas			27	41	7⅝	7⅜	7⅝	
17⅜	15¾	Atmos Engy	1.20	0.07	13	88	17	16¾	16¾	-⅛
5⅛	3½	Audio/Vid			71	23	5	5	5	+⅛
13¾	9⅛	Augat x	0.40	0.03	13	136	12½	12¼	12⅜	-⅛
12⅛	9	Austria Fd				181	10¼	10⅛	10⅛	
67	50	Autom Data	0.20	0.00	99	577	u67¼	65¼	65¾	-1¼
6¾	4⅞	Avalon Egy			10	6	5⅝	5⅝	5½	
32⅛	24	Avemco	0.44	0.01	20	52	u32¼	32	32¼	+¼
30	23¼	Avnet Inc	0.60	0.02	17	417	27⅜	27⅜	27½	-⅛
47	36⅛	Avon Prods	1.40	0.03	15	7112	44⅜	43⅞	43⅞	-⅞
21⅞	12⅞	Aydin Corp			13	289	u21⅞	21	21⅛	+⅜

- B - B -

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅝	11⅛	Qualitex	0.48	0.03	7	45	16¼	16	16	-⅛
19⅞	11¾	Quantum Ch			18	493	14⅝	14⅛	14⅜	-⅛
14⅝	10½	QuestVal D	0.40	0.03		478	14⅛	13⅞	14	+⅛
13¾	12⅝	QuestVal P	1.26	0.09		95	13⅜	13¼	13⅜	+⅛
38⅞	33¼	Questar	1.96	0.05	12	329	38⅝	38⅛	38⅝	+¼
20⅝	10	Quick R'ty	0.28	0.01	16	18	20¼	20	20	-¼

- R - R -

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11¾	10⅝	RAC Incm x	1.28	0.11		312	11½	11⅜	11½	-⅛
7¾	4⅞	RAC Mortg x	0.60	0.08	7	491	7	6⅞	6⅞	
12⅞	4½	RJRNab W89				1091	11⅝	11⅜	11⅜	-⅛
16⅛	11⅛	RLI Corp	0.44	0.03	7	49	15½	15⅛	15⅛	-¼
8	4	RMI Titanm	0.10	0.01	3	39	7⅛	6⅞	6⅞	-⅛
10¾	6⅞	ROCTaiwan				461	10⅝	10⅝	10⅝	
6¾	4¼	RPS Realty			7	120	6	5⅞	5⅞	-⅛

- X - Y - Z -

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
49⅛	43¼	Xerox4.125				z100	48	48	48¼	
21¼	14⅛	Xtra 1.94				45	20⅞	20¾	20¾	-⅛
24⅝	14¼	Xtra Corp	0.72	0.03	13	91	u24⅞	24½	24½	-⅛
1½	⅝	Zapata			0	165	⅞	⅞	⅞	
9⅝	6⅛	ZenithElec			4	838	8⅝	8¼	8½	+⅛
18⅛	12	Zenith Nat	1.00	0.06	37	21	17⅝	17½	17½	-¼
5¾	4½	Zenix Inc	0.28	0.05		51	u5⅜	5⅜	5⅜	
14	10⅞	Zero Corp	0.72	0.05	14	169	13⅞	13¾	13¾	
41⅞	29½	Zurn Ind	0.88	0.02	14	577	34⅞	34⅛	34½	-⅛
12⅞	10¼	Zweig Fund x				289	12⅝	12½	12⅝	
9¾	8½	Zweig Tot x				431	u9¾	9⅝	9¾	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

NASDAQ NATIONAL MARKET

3:15 pm prices April 9

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		47	1211	23	22	22¼	-½
XL Data		8	265	6¼	d5¾	6	
Xoma Corp		16	2019	27	26½	27	+¼
YankeeEnS	1.52	17	208	u23¾	22	23	
Yellow Fr	0.94	12	727	31	29⅝	29⅝	-⅞
York Rsch		22	1987	21⅛	20⅞	21	
Zionutah x	1.44	9	168	u39¼	39	39	+¼

AMEX COMPOSITE PRICES

3:00 pm prices April 9

AMERICA

Dow idles before release of March inflation data

Wall Street

SHARE PRICES idled in moderate trading yesterday morning as the stock market remained nervous ahead of inflation figures tomorrow and on Friday, and the possible interest rate cut that could follow, *writes Patrick Harverson in New York.*

By 1.30 pm the Dow Jones Industrial Average was down 12.62 at 2,905.94, with the more broadly based Standard & Poor's 500 down 0.39 at 378.27 by 1 pm. The Nasdaq composite of over-the-counter stocks, however, bounced back from two days of declines to stand up 1.26 at 496.91.

Turnover on the NYSE was 98m shares by 1pm, higher than Monday's poor showing but still below the best levels seen in the first quarter of the year. Declining shares kept ahead of advancing shares by 809 to 656.

Attention remained fixed on the producer and consumer prices data due later this week. There was confidence that the Federal Reserve would cut interest rates if the inflation news was good, but fear of another worrying and unexpected rise in prices was keeping many investors on the sidelines, analysts said.

The number of companies bringing new stock to the market continued to grow. Safeway put up 17.5m shares priced at $20¼ each, an offer which pushed the company's stock down $1 to $20¾ in heavy trading. Delta Air Lines offered 7m new shares at $69¼ each; the stock fell $⅜ to $69⅝.

US F&G, the insurance group, advanced $1⅛ to $11¼ on turnover of 1.5m shares after Mr Michael Takata, an analyst at County NatWest Wood Mackenzie, changed his investment rating on the stock from a sell to a buy.

Mr Takata highlighted the aggressive restructuring programme introduced by Mr Norman Blake, the new chairman and chief executive of US F&G, who yesterday met with analysts and money managers in Boston. A similar meeting is planned for New York's investment community today.

Among secondary stocks, Biospherics set the pace for the second day running, jumping another $2¼ to $9¾ in brisk trading. In the past two days the stock has more than doubled on the news that the company has a patent for an economical method for producing D-Tagatose, a low-calorie sugar substitute.

Selected healthcare shares remained in favour, aided by positive coverage from Wall Street stock pickers. Beckman Industries rose $⅞ to $17¼ and FHP International added $¾ at $27⅛. Others in the sector, however, weakened as some investors took profits in the wake of strong recent gains. Amgen gave up $1 at $127⅞, while US Surgical dropped $2⅛ to $123¾.

Canada

TORONTO stocks were flat in dull trade at midday, after trading in a narrow eight-point range in the morning. The composite index lost 1.4 to 3,514.3. Advances and declines were evenly matched on volume of 14.26m shares.

Newbridge Networks was hit by profit-taking after announcing two three-year global marketing deals with AT&T on Monday. Newbridge lost C$1 to C$8⅞ after rising last week to a year's high of C$10⅛.

Laidlaw class B shares rose C$⅛ to C$15⅞. The company said ADT, in which it has a 29 per cent stake, was taking steps to resolve differences between the two sides.

Mexico climbs as economic hopes grow

Foreign demand and privatisations have also boosted shares, writes Damian Fraser

MEXICO'S turbulent stock market, which has risen in dollar terms by 98 per cent, 68 per cent and 37 per cent over the past three calendar years, is advancing once again. Its total return in sterling in the first three months of this year, based on the FT-Actuaries World Index, was almost 50 per cent.

Encouraged by a wave of foreign investment, the imminent privatisation of the banks and the selling of remaining government shares in Telmex, the telephone monopoly, the stock market index gained 22 per cent in dollar terms in March, to give a rise in the first quarter of 26 per cent. In April the index has gained a further 7 per cent; in late morning yesterday, it stood at 857,144.

Unlike the mid-1980s, when the market rallied while Mexico's economy lay in tatters, the latest rise reflects optimism about Mexico's economic prospects, both within and outside the country.

Economic growth in 1990 was 3.9 per cent, the fastest since 1981, and way above both government and private sector forecasts. Company results for 1990 have generally been much better than forecast. Telmex, which accounts for around one fifth of the market capitalisation of the Mexican *bolsa*, saw its profits double in inflation-adjusted terms last year.

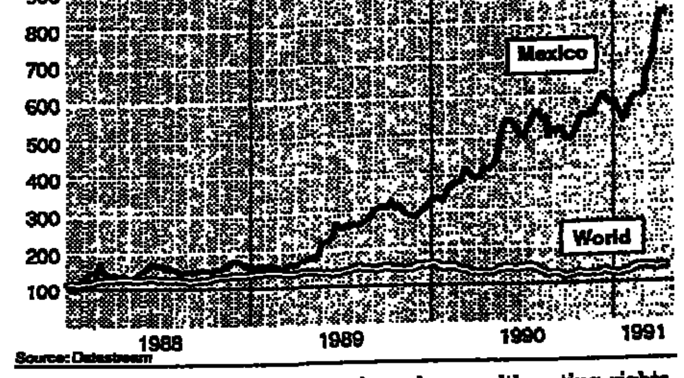
At the end of April or the beginning of May, the government will put its remaining stake of 26 per cent in Telmex up for sale in an international offering. At current prices, this would be worth $2.9bn.

The underlying reason why Mexico's stock market has proved so attractive to foreign investors is that, while the profits from big businesses have generally grown as fast or faster than the country's inflation rate (at 30 per cent last year), the peso-dollar targeted rate of devaluation has been cut to about 5 per cent a year, from roughly 14 per cent at the beginning of 1990.

As long as the exchange rate holds, foreigners are buying companies the value of which, in dollar terms, is likely to appreciate by at least 20-25 per cent a year.

The big danger is that the government will not be able to hold to its strong exchange rate policy for much longer; the merest whisker of a devaluation would send the market reeling. However, most stock market analysts reckon that the government can keep its exchange rate for the next couple of years. Thanks to big increases in foreign capital flows, the central bank now has $13bn in foreign reserves with which to defend the currency. Short-term interest rates, usually a leading indicator of imminent devaluation, are now at 22 per cent, the lowest level in a decade.

FT-A World indices in dollar terms



Source: Datastream

Foreigners, historically, have bought into major Mexican companies such as Telmex, Tamsa and Cifra through ADRs (American Depositary Receipts), which are listed in New York; at the end of February this form of investment accounted for $2.1bn, 86 per cent of which was in Telmex. A further $500m was probably invested in the four Mexico country funds, and $1.2bn in non-voting "B" shares listed in the Mexican bolsa.

Foreigners are not allowed to buy shares with voting rights, but since October 1989 they have been able to invest in Mexican companies which do not have non-voting shares through a trust run by National Financiera, the government development bank, which holds on to the voting rights. The trust has increased from $35m at the beginning of 1990 to $877m at the last count.

In all, foreign investment may be almost $4.7bn, against a stock market capitalisation of $39bn excluding government holdings. However, since a large proportion is owned by families who rarely trade their shares, only an estimated 20 per cent or $7.8bn of the market is actually traded; in effect, foreigners control about 60 per cent of the market's free float.

According to Baring Securities, which has recently opened a research office in Mexico City, foreign interest has centred on companies which sell in the domestic market, with a narrow product focus, low debt/equity ratios and shares that are relatively liquid. Of these the most actively sought after, and best performing, have been Telmex, up 54 per cent in the first quarter of this year, and Cemex, the cement company, up 74 per cent.

Foreigners, and domestic investors to a lesser extent, have tended to shy away from exporting companies for fears that the US recession would hurt their earnings. But now that the US recession looks to be almost over, at least by some accounts, investor attention may soon shift to the exporters.

The biggest short-term risk is that the US Congress will deny the US administration approval on what is called the fast track to negotiate the proposed free trade agreement between the two countries.

In the opinion of one foreign banker, the result of that would be disastrous for Mexico. And given the *bolsa's* lack of liquidity, if the market starts to crack, foreigners could be the last ones out.

EUROPE

Bourses end little changed as early gains evaporate

FT-SE Eurotrack 100 - Apr 9							
Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1116.13	1115.53	1115.59	1115.20	1113.69	1112.43	1112.32	1111.57
Day's High 1116.36				Day's Low 1111.13			
Apr 8	Apr 5	Apr 4	Apr 3	Apr 2			
1113.55	1119.54	1114.08	1116.86	1100.61			

Base value 1000 (26/10/90)

BOURSES finished mostly little changed yesterday, although Frankfurt showed a willingness to trade and there was higher volume in Stockholm, *writes Our Markets Staff.*

FRANKFURT was strong in the pre-bourse; the DAX index broke up through 1,590 early in the day, peaking at 1,591.96. Ms Barbara Altmann of B Metzler in Frankfurt said that some traders expected the market to test the 1,600 level, but that there was not enough investment buying to fuel the rise.

The DAX closed only 2.16 higher at 1,582.11 after a rise of 4.67 to 677.11 in the FAZ at midsession. Volume rose from DM4.6bn to DM5.9bn; dealers said that there was a large buy order for Siemens, which led the most actives list in turnover of DM1.08bn. The stock rose DM8.50 to DM597.

There were gains in energy and retailing, and profit-taking in carmakers. RWE, the utility, forecast higher profits in 1990-91, and rose DM6.80 to DM397.50, prompting gains in Veba and Viag of DM4.20 to DM334.20, and DM4.50 to DM374.50, respectively.

Karstadt led retailers up with a rise of DM8 to DM588, while Volkswagen fell most steeply in motors with a drop of DM7.40 to DM362.50. Ms Altmann observed that the sector rotation that people were talking about involved traders, rather than institutional investment.

In engineering, KHD rose DM10 to DM204, for a two-day gain of DM17.50. Mr Kajo Neukirchen, its chairman, has been chosen to succeed Mr Detlev Rohwedder, assassinated while heading the east German Treuhand agency. Traders thought that Hoesch and KHD might come into a closer association; Hoesch, exceptionally strong this year on perceived management quality, fell DM5.70 to DM278.30 on profit-taking.

STOCKHOLM closed lower on concern about the weak outlook for corporate earnings in 1991. The Affärsvärlden General index shed 8.5 to 1,089.8 while turnover rose to SKr482m from SKr343m.

Ericsson free B shares fell another SKr8 or 3.9 per cent to SKr197 in aggressive selling, especially by foreigners. This followed Monday's analysts' meeting at which Mr Lars Ramqvist, the managing director, reiterated his view that it would be difficult to surpass 1990 results.

PARIS closed little changed for a second day, as the CAC 40 index lost an eight-point gain to end 1.61 down at 1,845.96.

Eurotunnel gave up more ground after the previous day's warning that a delay in the delivery of rail shuttle wagons could reduce revenues in 1993. It lost 40 centimes to FFr48.90 on volume of 1.22m shares.

Pechiney, the aluminium producer, saw its investment certificates gain FFr8 to FFr369, with 108,850 traded, after it announced a smaller-than-expected fall in 1990 profits. The company also forecast a limited decline in this year's net profits, and said that it expected to maintain its dividend in 1991.

Hachette eased another FFr4.40 to FFr219.60 after this week's news that it was freezing an 8.4 per cent stake held by a company with Iraqi links.

AMSTERDAM came off early highs on a lack of follow-through orders. The CBS Tendency index reached 97.4, before ending 0.4 up at 96.8.

Bols, the distiller, eased Fl 1 to Fl 199. After the close the company revealed 1990 net profit of Fl 90.1m, up from Fl 83.6m, and a rise in the dividend to Fl 6.10 from Fl 5.50.

Ahold, the retailer, shed Fl 2.30 to Fl 83.50. The shares had risen before the company's debut on the US Nasdaq trading system on Monday. Amev, the insurer, rose Fl 1.50 to Fl 61.10. It announced plans to launch ADRs from June 1.

MILAN was weighed down by options-related selling and political uncertainty. The Comit index eased 2.52 to 592.94. Eridania was the day's most noticeable casualty, falling 3.5 per cent at the opening, following the news late on Monday that it planned to raise capital by up to L281bn. It recovered slightly to be set officially at L7,040, down L210 or 2.9 per cent.

MADRID recovered from its recent weakness, as the general index gained 1.48 to 281.12. Turnover grew to about Pta14bn from Pta9.9bn. Tabacalera gained Pta50 to Pta4,870, following the news that Mr Miguel Angel del Valle-Inclan was being replaced as president.

BRUSSELS finished below its day's high, the Bel20 index ending 2.53 up at 1,201.72. Delhaize, the retailer, rose again in active trading, but fell from its peak of BFr7,840 to close at BFr7,770, up BFr10.

VIENNA rose to its fifth consecutive high, as the index added 3.10 to 585.37.

SOUTH AFRICA

GOLD shares led the market higher on firmer bullion prices. A weak financial rand also gave support. The all-gold index climbed 25 to 1,089 and the industrial index rose 20 to a new high of 3,453. The all-share index firmed 29 to 2,978.

ASIA PACIFIC

Nikkei closes at day's low on reduced volume

Tokyo

SHARE prices ignored the overnight rise on Wall Street and declined on reduced volume yesterday, *writes Emiko Terazono in Tokyo.*

The Nikkei average slipped 290.26 to end at the day's low of 26,317.29. The index, which established the day's high of 26,586.74 in the morning, soon fell on heavy programme selling. American houses with a bearish outlook on the market were said to be hedging their put options.

Volume fell to 430m shares from Monday's 500m as larger domestic institutions stayed on the sidelines. Foreign investors were net sellers yesterday. The Topix index fell 22.45 to 1,986.29, while, in London trading, the ISE/Nikkei 50 index eased 0.57 to 1,490.98.

Interest rate-sensitive issues remained weak on continued uncertainty about rates. Nippon Steel lost Y12 to Y480.

Stocks which had risen recently in active trading retreated on profit-taking. Hitachi Zosen, the most active issue, dipped Y10 to Y680 and Chiyoda fell Y40 to Y2,950.

Small-capital issues were favoured in preference to big board stocks. Mitsui High-tec added Y150 at Y4,150 on encouraging profit projections for the current year.

Trading houses, which had gained ground ahead of Soviet President Mikhail Gorbachev's visit this weekend, receded. Marubeni shed Y6 to Y704 and C.Itoh Y11 to Y731, but some companies which were considered to be laggards improved. Kanematsu, the medium-sized trading house, advanced Y33 to Y863 on heavy buying by a Japanese securities concern.

Ajinomoto, a leading food company, fell Y50 to Y1,590 on reports of poor earnings for the year ending March 31 due to slow amino acid sales.

Sumitomo Realty & Development put on Y10 to Y1,270. Some traders noted that the buying could be part of a rescue plan for its out-of-the-money warrant, due to expire next month.

Smaller non-life and casualty insurers were sought on reports that an advisory committee to the Ministry of Finance was requesting an elimination of barriers which kept insurers out of the banking and securities business. Fuji Fire & Marine gained Y70 to Y1,120 and Dai-Tokyo Fire & Marine Y40 to Y950.

In Osaka, the OSE average fell 115.70 to 29,946.27 on volume of 36.6m shares. Small-capital companies making machine tools gained on the labour-saving theme.

Roundup

WALL STREET'S overnight rise only helped a few Pacific Rim markets yesterday. Manila was closed for a holiday.

HONG KONG fell sharply for the second day in diminished turnover on bearish reports about the Sino-British talks on the territory's airport. The Hang Seng index easily broke below the 3,800 support level to close 54.71 or 1.4 per cent lower at 3,757.30 in turnover of HK$1.65bn (HK$2.01bn).

AUSTRALIA was encouraged by Wall Street's gains. The All Ordinaries index added 4.4 at 1,449.1 in turnover of A$183.2m, up from A$127m. Business was concentrated in Pacific Dunlop, up 6 cents at A$5.20, National Australia Bank, 4 cents higher at A$5.82, and BHP, up 5 cents at A$11.05.

NEW ZEALAND closed firmer on a late bout of foreign buying. The Barclays index climbed 11.94 to 1,367.78. Turnover expanded to NZ$20.9m from NZ$7.9m, boosted by several block sales.

Carter Holt Harvey was the most active issue, closing a cent higher at NZ$1.68 on volume of 2.4m shares, including a block sale of 1m shares crossed at NZ$1.69.

TAIWAN was initially boosted by the rise on Wall Street but late reports of disagreement between delegates at the National Assembly took prices off their highs. The weighted index gained 69.79 or 1.3 per cent to 5,349.76 in T$79.9bn volume (T$78.3bn).

SINGAPORE was flustered by rumours ranging from renewed stories that Malaysian Prime Minister Mahathir Mohamad was ill to the arrest of a Malaysian corporate figure for insider trading. There was also talk that domestic banks that had loaned money for the purchase of shares were forcing some investors to sell their holdings. The Straits Times Industrial index lost 22.80 or 1.5 per cent to 1,469.44. Volume rose to S$120.5m from S$105m.

KUALA LUMPUR was also concerned by the rumours sweeping Singapore. The composite index shed 9.69 or 1.7 per cent to 572.44 on turnover of 64.5m shares, against 49.3m.

SEOUL was slightly lower for the third session. The composite index closed at 646.04, down 0.42, following slow volume of Won78bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY APRIL 8 1991								FRIDAY APRIL 5 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (74)	136.41	−0.7	114.32	118.34	119.75	115.54	−0.9	5.88	137.33	114.48	118.32	119.49	116.60	137.70	112.74	137.36
Austria (19)	203.70	−0.1	170.72	176.73	178.82	178.63	+1.0	1.47	204.00	170.06	175.77	177.50	176.85	222.37	167.00	279.37
Belgium (60)	140.33	−1.3	117.61	121.74	123.19	120.08	−0.3	4.90	142.15	118.50	122.46	123.67	120.42	151.20	121.73	147.02
Canada (116)	138.30	+0.0	115.91	119.98	121.40	115.56	+0.0	3.42	138.27	115.26	119.12	120.29	115.59	141.10	126.49	141.21
Denmark (31)	245.63	−0.9	205.87	213.11	215.63	216.40	+0.0	1.54	247.95	206.70	213.63	215.73	216.51	270.56	217.74	251.83
Finland (21)	124.55	−0.1	104.38	108.06	109.33	103.81	+1.5	2.34	124.73	103.98	107.47	108.52	102.29	125.15	90.61	136.73
France (113)	141.40	−1.1	118.51	122.67	124.12	126.71	−0.3	3.38	142.98	119.18	123.17	124.38	127.04	152.26	121.85	162.17
Germany (88)	110.89	−0.8	92.94	96.22	97.34	97.34	+0.1	2.30	111.81	93.20	96.34	97.28	97.28	125.35	102.43	134.35
Hong Kong (46)	155.40	−0.7	130.24	134.82	136.43	155.51	−0.7	4.40	156.50	130.46	134.83	136.17	156.61	156.75	119.62	122.28
Ireland (16)	166.72	−1.5	139.73	144.64	146.35	148.35	−0.8	3.06	169.34	141.16	145.90	147.33	149.55	182.46	132.88	187.41
Italy (91)	81.22	−1.7	68.07	70.46	71.29	75.95	−1.0	3.35	82.62	68.87	71.18	71.88	76.70	88.23	72.05	99.32
Japan (452)	142.14	−1.1	119.13	123.32	124.80	123.32	−0.4	0.70	143.74	119.83	123.84	125.08	123.84	146.97	118.35	138.29
Malaysia (33)	236.74	−1.6	198.41	205.38	207.81	250.73	−1.4	3.02	240.64	200.60	207.32	209.36	254.26	247.78	192.83	206.65
Mexico (12)	823.26	+0.0	689.97	714.25	722.70	2692.23	+0.0	0.25	823.02	686.09	709.10	716.07	2692.35	824.35	534.45	391.18
Netherland (40)	138.94	−1.4	116.45	120.54	121.97	120.65	−0.5	4.30	140.86	117.42	121.36	122.56	121.22	145.73	125.70	139.36
New Zealand (14)	46.61	−0.5	39.06	40.44	40.92	41.75	−0.4	8.18	46.83	39.04	40.35	40.75	41.91	52.31	41.18	62.04
Norway (30)	197.51	−1.9	165.53	171.36	173.38	176.08	−1.1	1.78	201.25	167.77	173.40	175.10	177.97	223.24	182.24	231.75
Singapore (25)	196.28	−1.7	164.50	170.29	172.30	159.96	−1.2	2.34	199.65	166.43	172.01	173.70	161.97	208.25	151.63	185.80
South Africa (60)	199.20	−0.1	166.95	172.82	174.86	146.12	+0.6	3.91	199.38	166.19	171.76	173.45	145.26	208.54	173.00	188.33
Spain (41)	159.80	−1.4	133.92	138.64	140.28	125.90	−0.7	4.51	162.00	135.04	139.58	140.95	128.84	171.12	131.51	141.29
Sweden (27)	189.31	−2.1	158.66	164.24	166.19	170.46	−1.5	2.55	193.45	161.26	166.67	168.31	173.11	204.12	146.60	180.46
Switzerland (65)	96.58	−1.2	80.95	83.80	84.80	85.78	+0.3	2.41	97.71	81.46	84.19	85.03	85.54	100.67	82.17	92.01
United Kingdom (295)	180.16	−1.1	150.99	156.28	158.13	150.99	−0.6	4.70	182.21	151.90	156.98	158.52	151.90	187.44	156.27	146.27
USA (525)	153.59	+0.8	128.72	133.26	134.84	153.59	+0.8	3.19	152.33	126.98	131.25	132.54	152.33	154.09	125.96	137.94
Europe (937)	143.39	−1.2	120.18	124.41	125.86	123.20	−0.4	3.83	145.07	120.93	124.99	126.22	123.71	151.52	125.50	140.56
Nordic (109)	184.76	−1.5	154.85	160.30	162.20	158.19	−0.8	2.04	187.66	156.43	161.68	163.27	160.11	200.61	155.65	185.80
Pacific Basin (646)	141.95	−1.1	118.97	123.15	124.61	123.64	−0.5	1.03	143.51	119.63	123.65	124.86	124.21	145.92	117.66	137.60
Euro - Pacific (1583)	142.69	−1.1	119.78	123.96	125.43	124.33	−0.4	2.19	144.50	120.46	124.49	125.72	124.88	147.66	121.39	139.16
North America (641)	152.58	+0.8	127.86	132.35	133.95	151.03	+0.8	3.17	151.38	126.19	130.44	131.73	149.86	153.04	126.91	138.04
Europe Ex. UK (642)	121.24	−1.2	101.61	105.20	106.45	106.97	−0.3	3.15	122.67	102.26	105.71	106.76	107.26	129.80	106.85	134.01
Pacific Ex. Japan (194)	131.72	−0.8	110.38	114.30	115.67	121.79	−0.9	4.01	132.84	110.73	114.46	115.58	122.24	[illegible]	[illegible]	[illegible]
World Ex. US (1771)	143.68	−1.1	120.43	124.65	126.15	124.86	−0.4	2.24	145.24	121.07	125.14	126.37	125.38	148.16	122.32	139.83
World Ex. UK (2001)	142.61	−0.3	119.52	123.73	125.20	132.06	+0.1	2.32	143.03	119.24	123.24	124.46	131.92	143.99	120.06	137.09
World Ex. So. Af. (2236)	145.62	−0.4	122.04	126.35	127.84	133.85	+0.0	2.57	146.19	121.87	125.97	127.21	133.72	147.10	122.92	137.76
World Ex. Japan (1844)	149.36	+0.0	125.17	129.59	131.13	139.51	+0.3	3.51	149.41	124.55	128.74	130.01	139.15	151.69	125.68	139.95
The World Index (2298)	146.94	−0.4	122.31	126.62	128.12	133.93	+0.0	2.58	148.52	122.14	126.24	127.49	133.90	147.40	123.28	136.08

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FT LAW REPORTS

Digest of cases in Hilary Term

TOUCHE ROSS AND OTHERS v BAKER
(FT, March 6)

DISCOVERY extension cover was cover against claims made after the underwriters' cancellation or refusal to renew but which arose from acts committed before such cancellation. Non-extension notices were given on the policies' expiry which included syndicate 126, the defendants. They then accepted a line on the third excess layer when some syndicates negotiated fresh terms. When the assured gave notice to exercise their rights under the discovery clauses, syndicate 126 argued that because only some had renewed, those rights had to be exercised against all or none. In dismissing an appeal from Leggatt J's declaration that they were bound to indemnify under excess professional indemnity policies, the Court of Appeal stated that it was true that the individual policy was expressed as a policy between the assured and the participating underwriters as a group. But in fact and in law, it was necessary to give full effect to the fundamental principle that the policy embraced a number of separate contracts that took priority over provisions designed to facilitate collective action where appropriate.

MILK MARKETING BOARD v CRICKET ST THOMAS ESTATE (FT, March 22)

AFTER THE UK's entry into the EC, a new Article to Regulation 804/68 authorised member states to grant milk marketing boards the exclusive right to buy from producers milk produced and marketed "without processing". Article 25(3) provided that rules governing exercise of those rights should be consistent with the treaty's general principles, in particular avoidance of discrimination against producers. Under the Milk Marketing agreement, a milk producer might withhold from the board such milk as he wished to process for sale by wholesale, but he was required to pay the board monthly contributions for each litre withheld and sold. The contributions were based on a differential so as to equate the withholder with other producers and processors. There was dissatisfaction among farmers who were retailing or wholesaling their own milk over the level of contributions while the board sought to recover unpaid penalties. The European Court held that milk "without processing" applied to pasteurised milk and that the contributions should be proportional to attain their given end. It was for the national court to decide the question of proportionality. Giving judgement for the board, Mr Justice Hobhouse stated that the measure adopted by the board was not disproportionate to its objective of achieving equality between the producers.

CITY INDEX LTD v LESLIE
(FT, March 19)

CITY INDEX'S principal business was index betting which allowed a client to win or lose depending on changes in the indices. It was a member of the Association of Futures and Brokers and was an "authorised person" under the Financial Services Act 1986, as well as being a licensed bookmaker. When sued for his losses on index betting debts, the defendant contended that they were bare wagering contracts under the Gaming Acts. Section 63 of the 1986 Act specified that no contract entered into by either party should fall foul of the Gaming Acts if entered into "by way of business" and the requirements of that section were met in the instant case, the Appeal Court held. Moreover, paragraph 9 of Schedule 1 to the Act stated that an investment could be held to be a right under a contract for difference or any other contract the purpose or pretended purpose of which was to secure a profit or avoid a loss by reference to fluctuation in an index. "Secure a profit" was not used in the sense of protecting profits arising under another contract but meant to "obtain a profit" so that Mr Leslie's transactions fell within the phrase "any other contracts" in paragraph 9.

HISCOX v OUTHWAITE
(FT, March 15)

AN ARBITRATION in a reinsurance dispute was stipulated to take place in London. The arbitrator made a draft award and then after a further hearing, made a final interim award dated, signed, and witnessed in Paris. The plaintiff collected the award in London and thereafter sought leave to appeal from it to the High Court. The defendant unsuccessfully raised an objection that it was a Convention award, ie one made in a state other than the UK which was a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and therefore the High Court could not adjudicate on it under the Arbitration Act 1975. Dismissing the appeal from that decision, the Court of Appeal stated that while it was a Convention award because it had been dated and signed in Paris and had a statement to that effect, the appellant was estopped from raising objection because both parties had unquestionably assumed that an award "dated at Paris" was no obstacle to the exercise of the English court's supervisory jurisdiction.

THE KIEL (FT, March 8)

THE POLICY which insured the vessel, originally at and from June 16 1980 to June 15 1981 both days inclusive, was renewed until July 16 1982 when the policy was endorsed with the underwriters' agreement and the shipowners were informed by the brokers accordingly. The ship sustained serious damage in a collision on July 16 1982 and the underwriters contended that the policy had expired the previous day. On the preliminary issue of construction, Hirst J stated that he would uphold the argument of the shipowners and the brokers that the purpose of specifying the day "until July 16 1982" was to identify the date when cover expired so that the shipowners, as ordinary commercial men, would know where they stood (see Isaacs v Royal Insurance Co (1870) LR 5 Exch 296).

NATIONAL OIL CO OF ZIMBABWE (PRIVATE) LTD v STURGE
(FT, March 12)

A CLAUSE in a marine cargo insurance policy specified that "in no case shall this insurance cover . . . loss . . . caused by civil war, . . . rebellion, insurrection or civil strife". Supporters of the Mozambique National Resistance (Renamo) had blown up the Beira to Feruka pipeline in Mozambique five times and the plaintiffs claimed under the policy. Finding for the representative underwriter, Mr Justice Saville stated that Renamo's objective was to overturn the marxist Frelimo government which had come into power after the withdrawal of the Portuguese. Renamo comprised a number of Mozambicans who opposed Frelimo and, although first the Rhodesians and then the South Africans supported Renamo with economic and other help for their own purposes, Renamo's sabotage actions against the pipeline nonetheless constituted an "insurrection" within the meaning of the policy.

WORLD RENOWN
(FT, March 13)

CLAUSE 13 of a charterparty on a Shelltime Three form specified that if the vessel was on an expiry voyage, the charterers should have its use at the same rate and conditions for such extended time as may be necessary for completion of the round voyage on which she was engaged and her return to a port of redelivery. The shipowners claimed that the charterers had wrongly ordered the vessel to perform the final voyage and claimed damages for late delivery. Mr Justice Hobhouse stated that in the absence of clause 18, it would have been clear that the charterers had breached two obligations: (i) the vessel had been ordered on a voyage which could not have been expected to be completed within time to enable redelivery before the charter period expired; and (ii) the charterers had failed to redeliver within the specified charter period. However, they gave an order that they were entitled to give under clause 18 and were thus not in breach of the charterparty (see Dene Steam Shipping v Bucknall 5 Comm Cas 372).

SHEVILL AND OTHERS v PRESSE ALLIANCE
(FT, March 20)

THE PLAINTIFFS complained of the publication of an article in a French newspaper. The first plaintiff, domiciled in England and of English nationality but working in Paris at the time, was named in the article. The allegations were accepted to be false but damages were claimed for publication in England and Wales and the writ was served on the defendants in France. Presse applied for an order that the action be dismissed and then appealed against the refusal of the application. Dismissing the appeal, the Court of Appeal upheld Alliott J's decision that the harmful event occurred in England within Article 5(3) of the Convention on the Jurisdiction and Enforcement of Judgements 1968. Whether there might be a detected publishee in England who both knew the plaintiff and read and understood the French newspaper might be relevant to damages assessment but was not a jurisdictional point.

Aviva Golden